STGROUP

**Financial Year 2019**

# ST Group Food Industries Holdings Limited
# ANNUAL REPORT

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# CORPORATE INFORMATION

Company Registration Number: 201801590R

## BOARD OF DIRECTORS

**EXECUTIVE:**

Saw Tatt Ghee
(Executive Chairman and Chief Executive Officer)
Saw Lee Ping
(Executive Director and Chief Administrative Officer)

**NON-EXECUTIVE:**

Chan Wee Kiang (Lead Independent Director)
Peter Sim Swee Yam (Independent Director)
Yap Zhi Chau (Independent Director)

## AUDIT COMMITTEE

Yap Zhi Chau (Chairman)
Chan Wee Kiang
Peter Sim Swee Yam

## NOMINATING COMMITTEE

Yap Zhi Chau (Chairman)
Chan Wee Kiang
Saw Tatt Ghee

## REMUNERATION COMMITTEE

Chan Wee Kiang (Chairman)
Peter Sim Swee Yam
Yap Zhi Chau

## COMPANY SECRETARY

Ngiam May Ling

## REGISTERED OFFICE

50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

## BUSINESS OFFICE

120-130 Turner Street
Port Melbourne Victoria 3207
Australia

## SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

## SPONSOR

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

## AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge: Mr Joshua Ong Kian Guan (a member of the Institute of Singapore Chartered Accountants)

Appointed on 24 October 2018

# CORPORATE PROFILE

Founded in 2011, ST Group Food Industries Holdings Limited (the "Company", and together with its subsidiaries, "ST Group" or the "Group"), an established F&B group headquartered in Australia, was listed on the Singapore Exchange on 3 July 2019. ST Group holds the exclusive franchise and licence rights to a diversified portfolio of six internationally popular brands – "PappaRich", "NeNe Chicken", "Gong Cha", "Hokkaido Baked Cheese Tart", "IPPUDO" and "iDarts" – in various territories, as well as two of its own brand concepts, "PAFU" and "KURIMU".

ST Group operates in the key geographical markets of Australia, New Zealand, Malaysia and England, the United Kingdom, through four main business segments - F&B Retail, Supply Chain, Franchise and receipt of machine income from electronic dart machines installed at sub-franchised "iDarts" outlets.

The Group's F&B Retail segment comprises Group-owned outlets, while the Franchise segment comprises sub-franchised and sub-licensed outlets. F&B operations, including outlets under the Franchise segment in Australia and New Zealand, are supported by the Group's Central Kitchen in Melbourne, Australia, under the Supply Chain segment. Between 2012 and 2019, the Group added more than 100 outlets across Australia, New Zealand, Malaysia and England, the United Kingdom.

As at 20 August 2019, ST Group had a network of 113 outlets comprising 43 Group-owned outlets and 70 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets.

***AN F&B GROUP WITH DIVERSIFIED PORTFOLIO OF INTERNATIONALLY POPULAR BRANDS***

# OUR BRAND PORTFOLIO

PappaRich
MALAYSIAN DELIGHTS

## PAPPARICH

***Premium Malaysian Delights.***

"PappaRich" offers a wide range of Malaysian cuisine featuring a blend of herbs, spices and fresh produce, prepared according to traditional recipes. Signature dishes include Nasi Lemak, Curry Laksa and Char Koay Teow.

Exclusive Franchise Rights

NENE CHICKEN
네네치킨 SINCE 1999 Happy Choice!

## NENE CHICKEN

***Your Choice. Happy Choice.***

"NeNe Chicken" is a South Korean-based international fried chicken restaurant franchise which serves up to nine varieties of Korean fried chicken marinated with flavours of sweet, salty and spicy.
The signature fried chicken is made from chicken marinated for a minimum of 12 hours which increases the juiciness of the meat and elevates its flavour.

Exclusive Franchise and License Rights

HOKKAIDO
BAKED CHEESE TART

## HOKKAIDO BAKED CHEESE TART

***Best loved cheese tarts.***

Founded in Malaysia, "Hokkaido Baked Cheese Tart" draws inspiration from the flavours of cheese made from Hokkaido dairy. The "Hokkaido Baked Cheese Tart" offering is a mini tart with a crisp, buttery short-crust pastry base, filled with a cheese mousse blend.

Exclusive Franchise Rights

貢茶
Gong cha

## GONG CHA

***Experience teas and juices in an imperial way.***

Originating from Taiwan, "Gong Cha" offers an extensive menu of natural, healthy, freshly brewed tea and other beverages which are personalised to individual tastes and preferences. The house specialty is the "Gong Cha Milk Foam Series", which is a refreshing beverage of brewed tea topped with a layer of frothy fresh milk foam.

Exclusive Franchise Rights

## IPPUDO

***Ramen Royalty: Since 1985.***

Founded in Hakata, Japan in the 1980s, "IPPUDO" is today an international brand. One of its specialties is its tonkotsu-based ramen, which is served in a tonkotsu broth made from pork bones and simmered for many hours.

Exclusive Franchise Rights

## PAFU

***Sharing happiness with every bite.***

Heavily inspired by Japanese-styled pastries, "PAFU" is the Group's own homegrown brand which was created to satisfy the tastes and preferences of customers in Australia. "PAFU" pastry puffs are golden crisp pastries with a smooth custard and sweet diced fruit filling freshly baked with locally-sourced ingredients.

Own Brand Concept

## KURIMU

***Only the freshest!***

"KURIMU" Japanese cream choux pastries are pastry sticks coated with almonds before baking to create a crispy texture and are filled with a smooth custard. The Group conceptualised the "KURIMU" brand in 2019 following the success of "PAFU".

Own Brand Concept


## IDARTS

***iDarts injected with the latest technology.***

"iDarts" provides customers with electronic dart consoles in a fun-filled, friendly atmosphere. While the Group has the exclusive rights to the "iDarts" brand, it does not own or operate any "iDarts" outlets.

Exclusive Franchise Rights

# OUR BRAND PORTFOLIO

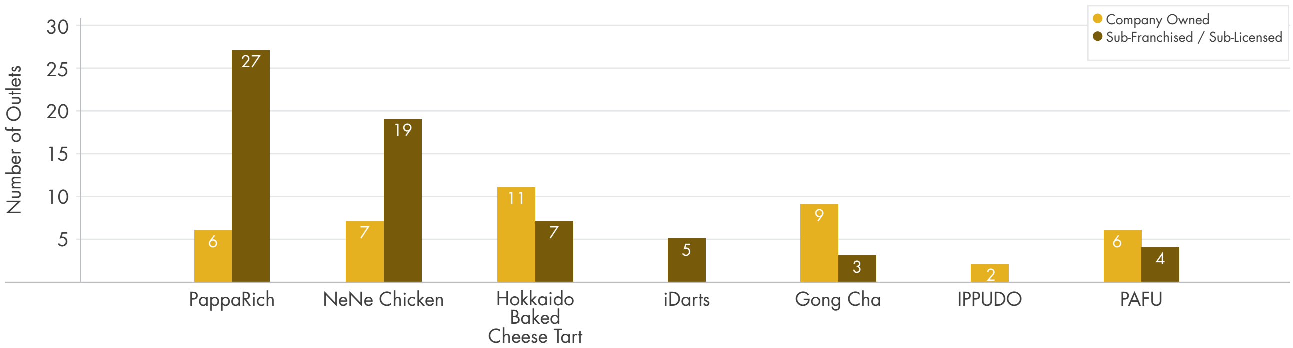
## EXCLUSIVE FRANCHISE AND LICENSE RIGHTS

PappaRich · NeNe Chicken · Hokkaido Baked Cheese Tart · iDarts Australia · Gong cha · IPPUDO

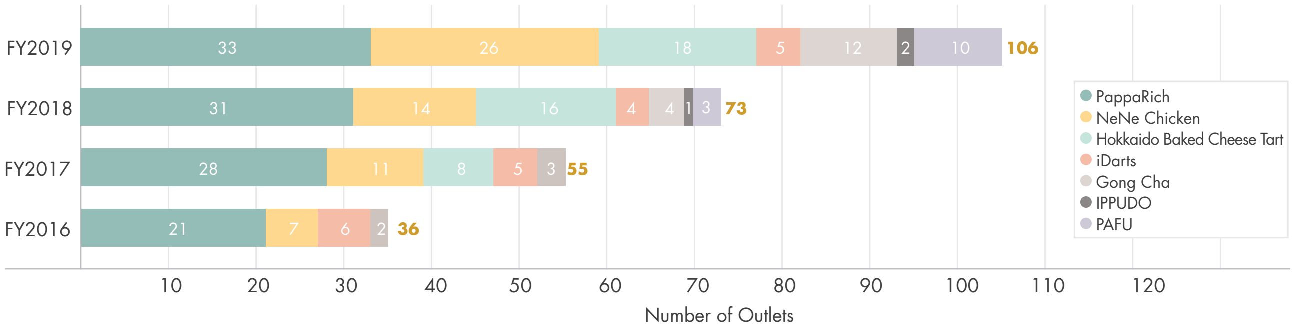
## OWN BRAND CONCEPTS

PAFU · KURIMU Japanese Cream Choux

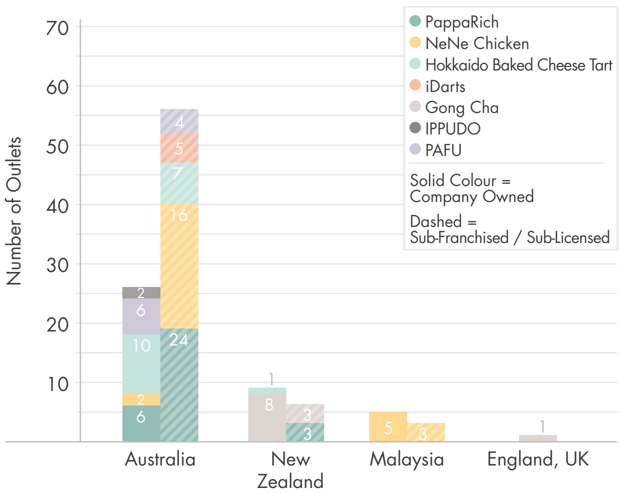
## OUTLETS BY BRAND FY2019



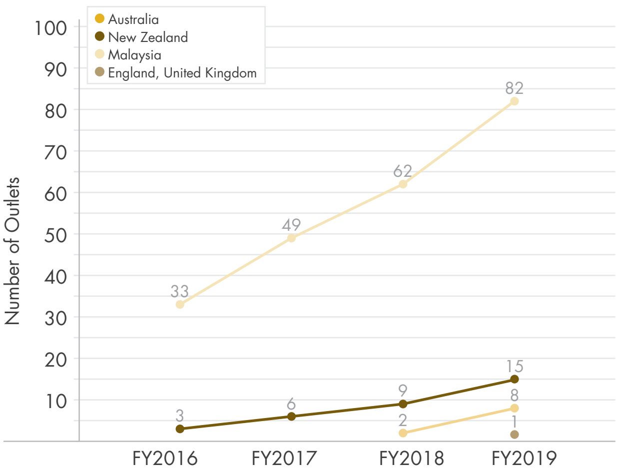

## GROWTH IN NETWORK BY BRANDS




## OUTLETS BY GEOGRAPHICAL REACH FY19




## GROWTH BY GEOGRAPHICAL REACH



# KEY MILESTONES & AWARDS

## 2019
- Created Group-owned brand "KURIMU" - Japanese cream choux pastries and opened first outlet in Melbourne, Australia
- Opened first "Gong Cha" outlet in England, United Kingdom
- Listed on the Singapore Exchange

## 2018
- Opened first "NeNe Chicken" restaurant in Genting Highlands, Malaysia
- Opened first "IPPUDO" restaurant in Perth, Australia

## 2017
- Opened first Group-owned brand "PAFU" outlet in Melbourne, Australia

## 2016
- Opened first "Hokkaido Baked Cheese Tart" outlet in Melbourne, Australia

## 2015
- Opened first "PappaRich" restaurant in New Zealand
- Opened first "NeNe Chicken" restaurant in Melbourne, Australia
- Opened first "Gong Cha" outlet in Auckland, New Zealand

## 2013
- Expanded Central Kitchen to 3,000 sqm in Melbourne, Australia
- Opened first "iDarts" bar in Melbourne, Australia

## 2012
- Established 100 sqm Central Kitchen in Melbourne, Australia
- Opened first "PappaRich" restaurant in Melbourne, Australia

## ACCREDITATIONS

**HACCP (Hazard Analysis & Critical Control Points) – Central Kitchen**

**PappaRich Central (Melbourne) Pty Ltd**

Awarding Organisation:
HACCP Australia Pty Ltd

Awarded / Expiry:
April 2014 / April 2020

**ISO 9001:2015 Quality Management System**

**PappaRich Central (Melbourne) Pty Ltd**

Awarding Organisation:
ICG Compliance Pty Ltd

Granted / Expiry:
February 2018 / February 2021

## AWARDS

**The BrandLaureate SMEs BESTBRANDS™ Awards – F&B Korean Fried Chicken**

**NeNe Chicken**

Awarding Organisation:
The BrandLaureate Malaysia

Year: 2018 - 2019

**Lord Mayor's Choice Award**

**PappaRich**

Awarding Organisation:
Lord Mayor Andrew Wilson
Parramatta Sydney, Australia

Year: 2018

**Best Café of the Year 2018**

**Gong Cha Newmarket**

Awarding Organisation:
Newmarket Business Awards 2018
New Zealand

Year: 2018

**Chadstone 2018 Annual Retail Excellence Awards – Winner in the Food Category**

**PappaRich**

Awarding Organisation:
Chadstone Shopping Centre
Melbourne, Australia

Year/month: January 2018 & July 2018

**Fast 50 Contender**

**Gong Cha**

Awarding Organisation:
Deloitte Fast 50 2018 Regional Awards
New Zealand

Year: 2018

**5 Star Food Safety Awards in Recognition of 5 Star Food Safety Practices**

**PappaRich Express**

Awarding Organisation:
City of Manningham Victoria, Australia

Year: 2017

**City of Monash Golden Plate Award for 5 Stars in the Food Safety Assessment**

**PPR Co Outlets Pty Ltd**

Awarding Organisation:
City of Monash Public Health Unit
Australia

Year: 2017

**Best New Concept**

**ST Group**

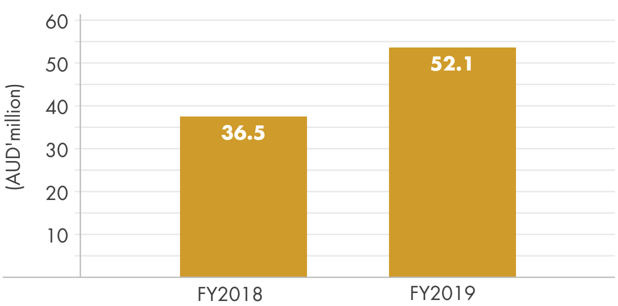
**Hokkaido Baked Cheese Tart**

Awarding Organisation:
QSR Media Detpak Awards 2017
Australia

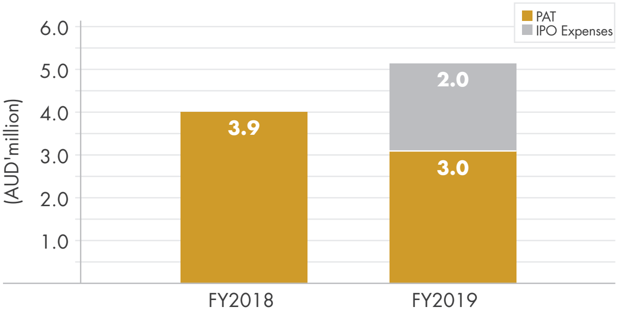
Year: 2017

# FINANCIAL HIGHLIGHTS

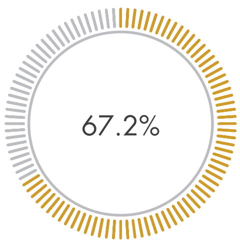
## REVENUE



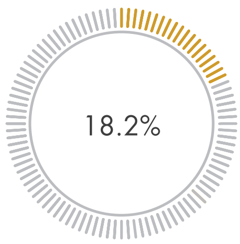

## PROFITABILITY



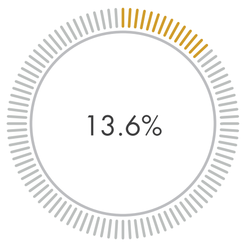

## REVENUE BREAKDOWN BY BUSINESS SEGMENTS – FY2019



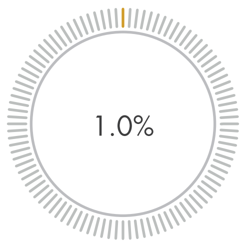

F&B Retail Sales




Supply Chain Sales

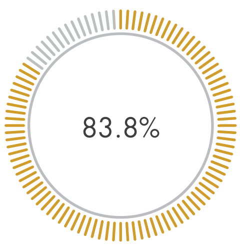



Franchise Revenue

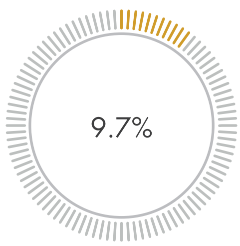



Other Revenue

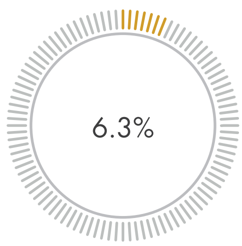
## REVENUE BREAKDOWN BY GEOGRAPHICAL SEGMENTS – FY2019



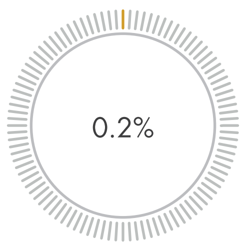

Australia




New Zealand

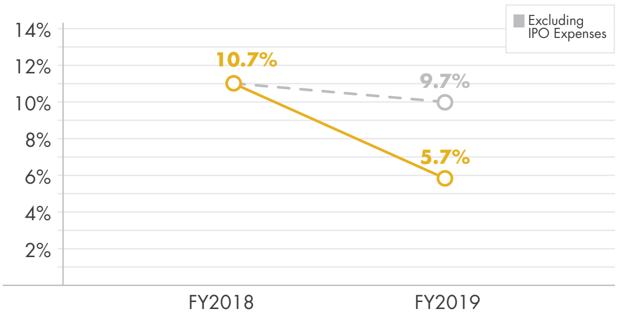



Malaysia

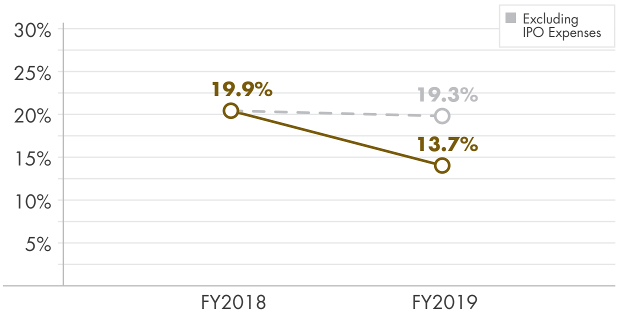



England, United Kingdom

## PAT MARGIN




## EBITDA MARGIN



## FINANCIAL PERFORMANCE SUMMARY

Financial year ended 30 June

| | FY2019 AUD | FY2018 AUD |
|---|---|---|
| **INCOME STATEMENT** | | |
| **Revenue** | **52,144,689** | **36,478,590** |
| Other Income | 1,457,871 | 1,780,582 |
| **Expenses** | | |
| Changes in Inventories | 442,652 | 275,595 |
| Purchases of Inventories | (14,181,939) | (10,004,136) |
| Franchise restaurants & stores related establishment costs | (2,353,868) | (1,040,793) |
| Rental on operating leases | (5,459,454) | (3,852,479) |
| Staff costs | (16,328,477) | (11,151,513) |
| Depreciation expense | (2,365,052) | (1,516,953) |
| Amortisation expense | (255,632) | (88,797) |
| Finance costs | (206,738) | (122,321) |
| IPO expenses | (2,919,397) | – |
| Other expenses | (5,674,293) | (5,240,113) |
| Share of results of associate | – | 7,508 |
| **Profit before tax** | **4,300,362** | **5,525,170** |
| Tax expense | (1,313,668) | (1,606,823) |
| **Profit for the year** | **2,986,694** | **3,918,347** |
| EBITDA | 7,127,784 | 7,253,241 |
| Profit attributable to equity holders of the Company | 1,953,979 | 2,728,113 |

| | FY2019 AUD | FY2018 AUD |
|---|---|---|
| **ASSET** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 13,717,296 | 9,937,035 |
| Intangible assets | 3,541,376 | 1,965,615 |
| Investment in associated companies | – | 21,267 |
| Available-for-sale financial assets | – | 110,150 |
| Financial assets at fair value through other comprehensive income | 88,120 | – |
| Deferred tax asset | 2,418,675 | 999,805 |
| Restricted cash | 1,856,293 | 1,011,620 |
| Trade and other receivables | 508,878 | 257,820 |
| **Total non-current assets** | **22,130,638** | **14,303,312** |
| **Current assets** | | |
| Contact assets | 155,148 | – |
| Inventories | 1,886,739 | 1,422,821 |
| Trade and other receivables | 5,873,150 | 4,506,479 |
| Cash and bank balances | 4,197,272 | 7,652,772 |
| **Total current assets** | **12,112,309** | **13,582,072** |
| **Total assets** | **34,242,947** | **27,885,384** |

| | FY2019 AUD | FY2018 AUD |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 47,490,345 | 6,700,941 |
| Other reserves | (39,522,749) | (219,043) |
| Retained earnings | 4,585,647 | 3,641,668 |
| Equity attributable to equity holders of the Company, total | 12,553,243 | 10,123,566 |
| Non-controlling interests | 2,914,641 | 2,062,330 |
| **Total equity** | **15,467,884** | **12,185,896** |
| **Non-current liabilities** | | |
| Borrowings | 1,771,022 | 1,326,921 |
| Trade and other payables | 1,745,790 | 1,420,216 |
| Contract liabilities | 1,158,776 | 606,910 |
| **Total non-current liabilities** | **4,675,588** | **3,354,047** |
| **Current liabilities** | | |
| Trade and other payables | 9,885,628 | 9,210,000 |
| Contract liabilities | 621,513 | 653,475 |
| Borrowings | 1,201,153 | 1,022,457 |
| Tax payable | 2,391,181 | 1,459,509 |
| **Total current liabilities** | **14,099,475** | **12,345,441** |
| **Total liabilities** | **18,775,063** | **15,699,488** |
| **Total equity and liabilities** | **34,242,947** | **27,885,384** |

# CHAIRMAN & CEO MESSAGE


**Dear Shareholders**

On behalf of the Board of Directors, I am pleased to present ST Group Food Industries Holdings Limited's (the "**Company**", and together with its subsidiaries, "**ST Group**" or the "**Group**") inaugural annual report for the financial year ended 30 June 2019 ("**FY2019**"), since our listing on the Singapore Exchange on 3 July 2019.

We would like to take the opportunity to thank all shareholders for your confidence in our business and strong support in our initial public offering ("**IPO**"), which made it such a huge success. Indeed, FY2019 has been an exceptional year for us where we further developed and grew the business. We also penetrated a new territory and our network of outlets surpassed 100.

Our strong portfolio of brands will continue to offer quality food and beverages with exceptional service in our four key geographical markets of Australia, New Zealand, Malaysia and the United Kingdom. This will be underpinned by our established franchise system, strong network of sub-franchisees, as well as established relationships with landlords.

## REVENUE

The Group's revenue increased by AUD15.6 million or 42.9% from AUD36.5 million in the financial year ended 30 June 2018 ("**FY2018**") to AUD52.1 million in FY2019.

The higher topline was mainly driven by a strong growth in revenue contribution from the F&B Retail segment as the Group continued to expand its core business segment across key geographical markets. Leveraging on the Group's synergistic business model, this increase was further driven by higher revenue contribution from the Supply Chain and Franchise segments.

F&B Retail sales increased by AUD11.3 million or 48.1% from AUD23.7 million in FY2018 to AUD35.0 million in FY2019, supported by higher revenue contribution from existing Group-owned outlets as well as new outlets opened during the year. Building on a strong growth momentum, the Group opened 17 outlets during the financial year, increasing the number of Group-owned outlets from 24 as at the end of FY2018 to 41 as at the end of FY2019.

Revenue from the Supply Chain segment (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) increased by AUD1.6 million or 20.6% from AUD7.9 million in FY2018 to AUD9.5 million in FY2019, mainly due to growth in the total number of sub-franchised and sub-licensed outlets in FY2019. The total number of sub-franchised and sub-licensed outlets increased by 16, from 49 as at the end of FY2018 to 65 as at the end of FY2019.

In line with the increase in the number of sub-franchised and sub-licensed outlets, Franchise revenue increased by AUD2.6 million or 57.2% from AUD4.5 million in FY2018 to AUD7.1 million in FY2019 due mainly to a AUD2.3 million increase in project income, which relates to the renovation and fitting-out of new outlets for sub-franchisees and sub-licensees, as well as higher royalty income.

## EXPENSES

As a result of the increase in the number of Group-owned outlets as well as annual rental escalation, rental on operating leases increased by AUD1.6 million or 41.7% from AUD3.9 million in FY2018 to AUD5.5 million in FY2019. Staff costs also increased by AUD5.1 million or 46.4% from AUD11.2 million in FY2018 to AUD16.3 million in FY2019 in line with the Group's business expansion. Depreciation expense increased by AUD0.9 million or 55.9% from AUD1.5 million in FY2018 to AUD2.4 million in FY2019, due mainly to renovation of premises and addition of new equipment, furniture and fittings for new outlets opened during the year. The Group also recorded a one-off IPO expenses of AUD2.9 million in FY2019 in connection with the IPO.

## NET PROFIT

As a result of the aforementioned reasons, the Group's net profit attributable to equity holders of the Company decreased by AUD0.8 million or 28.4% from AUD2.7 million in FY2018 to AUD2.0 million in FY2019. Excluding the impact of the one-off IPO expenses, profit attributable to equity holders of the Company would have increased by 46.5% from AUD2.7 million in FY2018 to AUD4.0 million in FY2019.

*"KURIMU" - our second Group-owned brand*

## REVIEW OF THE GROUP'S FINANCIAL POSITION

### CURRENT ASSETS

The Group's current assets decreased by AUD1.5 million, from AUD13.6 million as at 30 June 2018 to AUD12.1 million as at 30 June 2019. This was mainly due to a decrease in cash and bank balances of AUD3.5 million, partially offset by an increase in trade and other receivables of AUD1.4 million, an increase in inventories of AUD0.5 million and an increase in contract assets of AUD0.1 million.

### NON-CURRENT ASSETS

The Group's non-current assets increased by AUD7.8 million, from AUD14.3 million as at 30 June 2018 to AUD22.1 million as at 30 June 2019, mainly attributable to an increase in property, plant and equipment of AUD3.8 million, an increase in intangible assets of AUD1.6 million, an increase in trade and other receivables of AUD0.2 million, an increase in deferred tax assets of AUD1.4 million and an increase in restricted cash of AUD0.8 million.

### CURRENT LIABILITIES

The Group's current liabilities increased by AUD1.8 million, from AUD12.3 million as at 30 June 2018 to AUD14.1 million as at 30 June 2019, due mainly to an increase in trade and other payables of AUD0.7 million, an increase in borrowings of AUD0.2 million and an increase in tax payable of AUD0.9 million.

### NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by AUD1.3 million, from AUD3.4 million as at 30 June 2018 to AUD4.7 million as at 30 June 2019, due to an increase in borrowings of AUD0.4 million, an increase in contract liabilities of AUD0.6 million and an increase in trade and other payables of AUD0.3 million.

### SHAREHOLDERS' EQUITY

The Group's equity attributable to equity holders of the Company increased by AUD2.5 million from AUD10.1 million as at 30 June 2018 to AUD12.6 million as at 30 June 2019. The increase was mainly due to funds raised from pre-IPO investors in FY2019 of AUD0.5 million and net profit achieved by the Group in FY2019 of AUD2.0 million.

## REVIEW OF THE STATEMENT OF CASH FLOW

The Group's net cash generated from operating activities in FY2019 was AUD5.8 million. This was mainly due to operating profit before working capital changes of AUD7.2 million and working capital inflow of AUD0.4 million, partially offset by payment of income tax of AUD1.8 million.

Net cash used in investing activities in FY2019 amounted to AUD6.0 million, due mainly to additions to property, plant and equipment of AUD5.0 million as a result of the Group's business expansion, and additions to intangible assets of AUD0.9 million which mainly comprised the initial franchise fee paid by the Group in relation to the "Gong Cha" brand in England, United Kingdom.

The Group's net cash used in financing activities in FY2019 was AUD3.2 million, due mainly to payment of dividends of AUD1.4 million, repayment of bank borrowings of AUD0.9 million, an increase in fixed deposits pledged of AUD0.8 million and repayment by the Group of advances from related parties and minority shareholders of AUD1.9 million, partially offset by an increase in proceeds from bank borrowings of AUD1.0 million and advances from non-controlling interests and third parties of AUD0.8 million.

As a result, net cash and cash equivalents declined by AUD3.5 million in FY2019.

## FORGING A PATH OF GROWTH

FY2019 was a milestone year for ST Group as our efforts to grow our brand portfolio and increase our recurring income streams have delivered strong results. Our listing has also provided us with fresh funds and a solid platform for our business expansion plans in the coming financial years. Leveraging on the deep expertise and entrepreneurial spirit of our management team, strong working relationships with our partners globally, in addition to our ability to remain agile and adaptable, we will continue to forge ahead on our growth path. For the coming financial year, we will embark on the following three pillars:

### EXTENDING FOOTHOLD ACROSS KEY MARKETS

Our extensive network of brands is currently present in four countries. From our first "PappaRich" outlet in Melbourne, Australia, we have grown to a total of 113 outlets as at 20th August 2019 over a short span of seven years.

The growth of our franchise network is built upon our solid relationships with our sub-franchisees and sub-licensees. As a result of our dedicated support in ensuring their success along their business journey, many of them have expanded their businesses with us, thus growing our network of outlets.

We are extremely humbled by the support from our customers and business partners that has contributed to our success.

We have made headway into England, the United Kingdom with the launch of our first "Gong Cha" outlet in June 2019 at City Tower, Manchester. We now operate two "Gong Cha" outlets in England, both of which have been very well-received by customers. This has spurred us on to explore more opportunities to expand our network of "Gong Cha" outlets in the region.

Forging ahead, we will continue with our expansion drive to deliver quality food to our customers as we deepen our presence across our key markets and extend our footprint to new markets.

*"Gong Cha" expanded to England, United Kingdom in 2019*

Our Central Kitchen in Australia will continue to support our franchise network in the Australia and New Zealand region, enabling us to maintain high standard of consistency and food quality through central production.

### DEVELOPING AND DIVERSIFYING BRAND PORTFOLIO

We believe that it is important to continuously innovate and introduce new food concepts and brands to maintain our competitive advantage in the F&B industry. Riding on the popularity of Japanese desserts and as a testament to our ability to capture the evolving tastes and preferences of consumers, the number of outlets under our own brand concept, "PAFU", more than tripled to 10 as at end of FY2019.

In July 2019, we also launched our own new brand concept, "KURIMU", in Melbourne, Australia. The éclair-inspired choux pastry has seen a strong reception from consumers since its launch and our second Group-owned "KURIMU" outlet is scheduled to open in November 2019. Going forward, we remain vigilant for opportunities for new "KURIMU" outlets as we expand into our key geographical markets.

With both of our own brand concepts gaining strong momentum, we will continue to leverage our capabilities to develop new brand concepts as well as grow our brand portfolio by identifying suitable brands and food concepts to capitalise on, as we move in tandem with evolving trends in F&B.

### TECHNOLOGICAL TRANSFORMATION

At ST Group, we are also committed to improving productivity and operational efficiency.

One way that we have achieved this is through our Central Kitchen in Australia which has a reliable and efficient logistics system, allowing us to make timely deliveries to all outlets in our franchise network throughout Australia and New Zealand. The Group is in the process of implementing an automated inventory management system in the Central Kitchen, which will allow for better stock management and cost efficiency. Our Central Kitchen is also equipped with digital temperature-controlled cool zones that enable us to maintain the freshness of our food.

As part of our efforts to reduce costs and increase operational efficiency, we are also currently in the process of implementing a new enterprise resource planning system. With the help of technology, we will be better able to anticipate the demand of products according to each outlet's needs, thus achieving a more optimal level of inventory.

The Group will continuously look into introducing new technologies to transform our business and streamline our operations.

## IN APPRECIATION

We have made significant progress in growing our brand portfolio in the past seven years. In 2012, we opened our first "PappaRich" restaurant in Melbourne, Australia. Since then, we have grown to six international brands and two Group-owned brands across four key geographies. Over the years, we have executed a disciplined portfolio strategy that puts us at a sustainable competitive advantage in the marketplace. As we go forward, we will continue to build on our portfolio that will be capable of delivering on our financial goals.

We have a valuable set of leadership brands and are well positioned to capitalise on evolving consumer preferences and tastes, emerging F&B and lifestyle trends as well as expanding demographics to drive the business.

ST Group strives to stay ahead of the curve. We will invest in the right people, technology and infrastructure ahead of market trends. With the combined strengths of our capabilities, people and portfolio, we will be well poised to continue creating long-term value for our stakeholders.

On behalf of the Board, I would like to express my heartfelt gratitude to our valued customers, shareholders and business partners for their unwavering support and trust. I would also like to take this opportunity to thank all my fellow Board members, management and all staff for their hard work, commitment, and their significant contributions to the Group.

**Mr. Saw Tatt Ghee**
Executive Chairman and CEO

# BOARD OF DIRECTORS & KEY MANAGEMENT

## MR. SAW TATT GHEE

**Executive Chairman and CEO**

Mr. Saw Tatt Ghee is the founder, Executive Chairman and Chief Executive Officer ("CEO") of ST Group, and was appointed to the Board on 11 January 2018. He is responsible for overseeing the overall development and performance of the Group, setting and executing the strategic direction and expansion plans for the growth and development of the Group, including sourcing for new brands to add to the Group's portfolio to promote business growth.

Mr. Saw has over 17 years of experience in the F&B industry. Prior to founding the Group, Mr. Saw was involved in the management and operation of various F&B outlets in Melbourne, Australia.

Mr. Saw obtained his Bachelor of Commerce from the University of Melbourne in 2001. Thereafter, Mr. Saw attained a Graduate Diploma in Business Systems from the Royal Melbourne Institute of Technology in 2003.

## MS. SAW LEE PING

**Executive Director and CAO**

Ms. Saw Lee Ping was appointed to the Board as Executive Director and Chief Administrative Officer ("CAO") on 10 June 2019. She is responsible for managing the Group's administrative functions and supporting the CEO in executing the strategic direction and expansion plans for the growth and development of ST Group. She first joined ST Group in 2011 as the Group's financial controller until 2014, where she subsequently became the Group's CAO.

Ms. Saw has more than 10 years of experience in financial and transaction advisory services. Prior to joining ST Group, Ms. Saw held various positions from associate to senior manager in the Transaction Advisory Services Division in Ernst & Young, Malaysia from 1997 to 2007. From 2008 to 2012, she was an accountant for Oldtown (Aust) Pty Ltd, a former business venture of Mr. Saw Tatt Ghee.

Ms. Saw obtained her Bachelor in Economics from the University of Sydney, Australia in 1997. She became a certified practising accountant of CPA Australia in 2000.

## MR. CHAN WEE KIANG

**Lead Independent Director**

Mr. Chan Wee Kiang was appointed to the Board as the Lead Independent Director on 10 June 2019. Mr. Chan is currently the deputy group general manager of PCCS Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Prior to this, he has held various positions in the subsidiaries of PCCS Group Berhad. Mr. Chan started his career in Perusahaan Chan Choo Sing Sdn. Bhd. as a marketing executive in 2002 and was subsequently promoted to assistant marketing manager in 2003. From 2004 to 2006, he was the group marketing manager of PCCS (Hong Kong) Limited. He was general manager of PCCS Garments (Suzhou) Limited from 2007 to 2009, before he was appointed as deputy group general manager of PCCS Group Berhad in 2009.

Mr. Chan graduated with a Bachelor of Commerce (Accounting and Finance) from Monash University, Australia in 2006.

## MR. PETER SIM SWEE YAM

**Independent Director**

Mr. Peter Sim Swee Yam was appointed to the Board as an Independent Director on 10 June 2019. Mr. Sim has over 38 years of experience in the legal industry and is currently a director of Sim Law Practice LLC, a position he has held since 2009. Mr. Sim is also an independent director of Haw Par Corporation Limited, Mun Siong Engineering Limited, Singapore Reinsurance Corporation Ltd and Lum Chang Holdings Limited, which are listed on the SGX-ST.

Mr. Sim graduated with a Bachelor of Laws (Honours) from the University of Singapore (now known as the National University of Singapore) in 1980. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1981 and is a member of the Law Society of Singapore and the Singapore Academy of Law. He is also a member of the Law Society of England & Wales. Mr. Sim was awarded the Public Service Medal (Pingat Bakti Masyarakat) in August 2000 and the Public Service Star (Bintang Bakti Masyarakat) in August 2008, both issued by the Government of Singapore.

## MR. YAP ZHI CHAU

**Independent Director**

Mr. Yap Zhi Chau was appointed to the Board as an Independent Director on 10 June 2019. Mr. Yap is currently the group executive chairman of YYC Holdings Sdn Bhd, an accounting firm in Malaysia, a position he has held since 2015.

Prior to this, he was an executive director at YYC Holdings Sdn Bhd from 2010 to 2015. Between 2002 and 2010, Mr. Yap was with YYC & Co., where he started out as an audit associate and was promoted to senior business development manager.

Mr. Yap graduated with a Bachelor of Business (Accounting) from the Central Queensland University, Australia in 2002. He is a member of the Malaysian Institute of Accountants as well as a member of CPA Australia.

# AN ENTREPRENEURIAL AND DEDICATED MANAGEMENT TEAM WITH ESTABLISHED TRACK RECORD

## MS. CHIN POH YEEN

**Financial Controller**

Ms. Chin Poh Yeen was appointed as ST Group's Financial Controller in May 2018. She is responsible for overseeing all the financial, accounting and corporate secretarial matters in the Group, including leading and supervising the monthly accounts closing, consolidation of Group accounts and yearly audits, supervising and ensuring the Group's compliance with taxation and financial reporting requirements, and providing overall supervisory control over the Group's finances, liabilities and cash flows.

Ms. Chin started her career in Ernst & Young, Malaysia as a manager for the audit of listed and non-listed companies from 1991 to 2003. Subsequently, she was a financial controller at Bertam Alliance Berhad and Cergas Tergas Sdn Bhd from 2003 to 2004 and 2004 to 2005 respectively. Between 2006 to 2012, she was involved in the provision of real estate services relating to the sale and leasing of residential and commercial properties in Malaysia in various real estate companies. Prior to joining ST Group, Ms. Chin was a client service coordinator in H&R Block Limited, a company in Australia which provides tax returns and tax-related services from 2017 to 2018.

Ms. Chin is a member of the Malaysian Institute of Certified Public Accountants.

## MR. LEONG WENG YU

**Central Kitchen Production Manager**

Mr. Leong Weng Yu was appointed as the Central Kitchen Production Manager in 2014. He is responsible for the overall management and oversight of the Group's Central Kitchen, including overseeing the central procurement process, food processing and preparation process and quality control. He is also responsible for developing new food concepts and products made in the Central Kitchen.

Mr. Leong first joined ST Group in 2012 as an executive chef in the restaurants under the "PappaRich" brand. Prior to joining the Group, he had worked in various F&B establishments between 2004 to 2012, holding positions ranging from cook to executive chef and head chef. From 2008 to 2012, he worked as an executive chef for Oldtown (Aust) Pty Ltd, a former business venture of Mr. Saw Tatt Ghee.

Mr. Leong graduated with a Bachelor of Business (Marketing) from Swinburne University of Technology, Australia in 2006 and attained a Certificate III in Hospitality for Commercial Cookery from the Sydney International College of Business in 2007.

## MR. NG YEE SIANG

**Operations Manager**

Mr. Ng Yee Siang is an Operations Manager and is responsible for the overall management and oversight of the operations of the Group's outlets.

Mr. Ng has been involved in ST Group's business since it was founded in 2011. He has held various positions within the Group's subsidiaries, including a director of Oldtown QV (Aust) Pty Ltd, STG Beverage (NZ) Pty Ltd and GCHA (NZ) Pty Ltd. He was responsible for the establishment and expansion of the franchise network under the "Gong Cha" and "Hokkaido Baked Cheese Tart" brands in New Zealand. Prior to this, Mr. Ng was a manager and director of SGN Aust Pty Ltd, a master franchisee for an international F&B brand, from 2005 to 2013.

Mr. Ng graduated with a Bachelor of Engineering from the University of Melbourne, Australia in 2002.

## MR. PANG KHER CHINK

**Operations Manager**

Mr. Pang Kher Chink is an Operations Manager and is responsible for the overall management and oversight of the operations of the Group's outlets.

Mr. Pang has been involved in ST Group's business since it was founded in 2011. He has held various positions within the Group's subsidiaries, as manager of Oldtown QV (Aust) Pty Ltd, operations manager of IPR (WA) Pty Ltd and was responsible for the establishment of its outlets under the "IPPUDO" brand. Prior to joining the Group, Mr. Pang was a barista and supervisor at SGN Aust Pty Ltd from 2005 to 2012.

Mr. Pang graduated with a degree in Business Information Systems from the Swinburne University of Technology, Australia in 2004.

## MR. TAN TEE OOI

**Operations Manager**

Mr. Tan Tee Ooi is an Operations Manager and is responsible for the overall management and oversight of the operations of the Group's outlets.

Mr. Tan has been involved in ST Group's business since it was founded in 2011. He has held various positions within the Group's subsidiaries, including director of Oldtown QV (Aust) Pty Ltd, manager of PPR Co Outlets Pty Ltd and manager of JCT (Doncaster) Pty Ltd, and has been involved in managing and supervising outlet operations under the "PappaRich" and "Hokkaido Baked Cheese Tart" brands.

Prior to joining ST Group, Mr. Tan was a manager of an F&B establishment in Australia from 2008 to 2009. He was appointed as director of Oldtown QV (Aust) Pty Ltd in 2009, which was trading as Old Town Kopitiam Mamak, where he was responsible for the management of Old Town Kopitiam Mamak, a Malaysian food restaurant opened by Mr. Saw Tatt Ghee in QV Melbourne. Subsequently, when Old Town Kopitiam Mamak ceased operations and the first "PappaRich" restaurant was opened at the same premises in 2012, he assumed the role of manager at the "PappaRich" restaurant. Before this, he was a software engineer with Advanced Air Traffic Systems (M) Sdn Bhd from 1998 to 2007.

Mr. Tan graduated with a Bachelor of Science with Honours in Computing Science from Staffordshire University in 1999. Mr. Tan is the spouse of Executive Director and CAO, Ms. Saw Lee Ping.


Gong cha
Tea up, Light up

# REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of ST Group Food Industries Holdings Limited is committed to maintaining high standards of corporate governance within the Company and its subsidiaries. The Board recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the Group's corporate governance framework and practices that were in place throughout the financial year under review. The Board confirms that the Company had adhered to the principles and provisions of the Code of Corporate Governance 2018 ("Code"), where they are applicable, relevant and practicable to the Group. Any deviations from the provisions of the Code or areas of non-compliance have been explained accordingly.

**PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS**

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. It sets the overall strategy, values and standards (including ethical standards) of the Group and has the duty to protect and enhance long-term shareholder value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. It believes that when making decisions, all Directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company. To fulfil this role, the Board's responsibilities include:

(i) setting the values and standards (including ethical standards) of the Group, an appropriate tone-from-the-top and desired organisational culture, ensuring that the Group's policies and practices are consistent with the culture, and that there is proper accountability within the Group;

(ii) providing effective entrepreneurial leadership, guiding and setting strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;

(iii) reviewing the processes relating to risk management systems and adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls identified by the Audit Committee ("**AC**") that are required to be strengthened for assessment and its recommendations on actions to be taken to address and monitor the areas of concern;

(iv) advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial objectives of the Company;

(v) reviewing the performance of the Group towards achieving adequate shareholder value, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements, and timely announcements of material transactions;

(vi) identifying key stakeholder groups and recognising that their perceptions affect the Group's reputation;

(vii) approving annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payment (if any) and convening of shareholders' meetings, approving share buybacks, if any, and making decisions in the interests of the Group;

(viii) approving all Board appointments or re-appointments and appointments of key management personnel;

(ix) establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent, adequate and effective internal controls to safeguard shareholders' interests and the Group's assets;

(x) evaluating the performance and compensation of directors and key management personnel; and

(xi) overseeing the proper conduct of the Company's business and assuming responsibility for its corporate governance processes.

As the Company was listed in July 2019, the Board has yet to adopt a code of conduct and ethics. The code of conduct and ethics will be adopted in the financial year ending 30 June 2020 ("**FY2020**").

The Board has delegated authority to three Board Committees which comprise the AC, Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") to enable them to oversee certain specific responsibilities based on their terms of reference. The terms of reference of each Board Committee set out the responsibilities of the Board Committee, conduct of meetings including quorum, voting requirements and qualifications for Board Committee membership. All Board Committees are chaired by an Independent Director and a majority or all of the members are Independent Directors. Any change to the terms of reference for any Board Committee requires Board approval. The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

The Board accepts that while these Board Committees are delegated to make decisions, execute actions or make recommendations in their specific areas respectively and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

The Board meets on a half-yearly basis to review *inter alia* the financial results and accounting policies. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments. Ad hoc meetings will be held as and when required to address any significant issues that may arise.

Where physical Board and Board Committees' meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committees' members. The Company's Constitution provides for meetings to be held via telephone or video conference or other methods of simultaneous communication by electronic, audio, audio-visual or other similar means or other technology which permit all persons participating in the meeting to communicate with each other simultaneously.

In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter in which case he or she will be required to recuse himself or herself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision making process.

Management has an obligation to supply the Board with complete, adequate information in a timely manner.

## REPORT ON CORPORATE GOVERNANCE

The Executive Directors and Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. The Executive Directors and Management are present at Board and Board Committee' meetings to address any queries which the Board may have. In addition, Board members have separate and independent access to Management and the Company Secretary.

The Company Secretary and/or her representative(s) attend all Board and Board Committee' meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to.

The appointment and/or change of the Company Secretary are subject to approval by the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

The approval of the Board is required for any matter which is likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business. The matters reserved for the Board's decision and the types of material transactions that are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business, are as follows:

- Half-year and full year financial results;
- The Group's strategic plans including long-term strategic plans;
- The Group's annual operating plan and budget;
- Potential joint venture, merger, acquisition, divestment or other changes in the Company's assets, if any;
- Management changes or changes in effective control of the Company, if any;
- Firm evidence of significant improvement or deterioration in near term earnings prospects, if any;
- Subdivision of shares or stock dividends, if any;
- Acquisition or loss of significant contract, if any;
- Significant new product or discovery, if any;
- Public or private sale of significant amount of additional securities of the Company, if any;
- Share Buyback, if any;
- Share Option or share schemes, if any;
- Scrip Dividend Scheme, if any;
- Interested Person Transactions, if any;
- Borrowing of a significant amount of funds, if any;
- Occurrence of an event of default under debt or other securities or financing or sale agreements, if any;
- Significant litigation, if any;
- Significant dispute(s) with customers or suppliers, or with any parties, if any;
- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle Blowing Policy adopted by the Company, if any;
- Appointment and removal of Company Secretary;
- Tender offer for another company's securities, if any; and
- Valuation of the Group's assets that has a significant impact on the Group's financial position and/or performance, if any.

Details of Board and Board Committees' meetings held in respect of the financial year ended 30 June 2019 ("**FY2019**") are summarised in the table below:

| **Meeting** | **Board of Directors** | **AC** | **NC** | **RC** |
|---|---|---|---|---|
| Total meetings held in FY2019 | 2 | 2 | 1 | 1 |
| **Name of Director** | **Attended** | **Attended** | **Attended** | **Attended** |
| Mr. Saw Tatt Ghee | 2/2 | N.A. | 1/1 | N.A. |
| Ms. Saw Lee Ping | 2/2 | N.A. | N.A. | N.A. |
| Mr. Chan Wee Kiang | 2/2 | 2/2 | 1/1 | 1/1 |
| Mr. Peter Sim Swee Yam | 2/2 | 2/2 | N.A. | 1/1 |
| Mr. Yap Zhi Chau | 2/2 | 2/2 | 1/1 | 1/1 |

**PRINCIPLE 2: BOARD COMPOSITION AND BALANCE**

The current composition of the Directors in the Board and Board Committees is as follows:

| Name of Director | | AC | RC | NC |
|---|---|---|---|---|
| Mr. Saw Tatt Ghee | (Executive Chairman and CEO) | – | – | M |
| Ms. Saw Lee Ping | (Executive Director and CAO) | – | – | – |
| Mr. Chan Wee Kiang | (Lead Independent Director) | M | C | M |
| Mr. Peter Sim Swee Yam | (Independent Director) | M | M | – |
| Mr. Yap Zhi Chau | (Independent Director) | C | M | C |

*C – Chairman*

*M – Member*

The Board comprises two Executive Directors, and three Independent and Non-Executive Directors. No alternate directors have been appointed to any Directors. There is a strong and independent element on the Board, with Independent Directors making up a majority of the Board.

The size and composition of the Board is reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The Board, with the concurrence of the NC, is of the opinion that its current board size of five members is appropriate, taking into account the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, legal, knowledge of the Company's business, management and operations experience and strategic planning experience, knowledge, age and gender (1 female Director) as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

Non-Executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

The information on Directors' position, date of initial appointment, date of last re-election and directorships/chairmanships held by the Company's Directors in other listed companies are as follows:

| Name of Director | Position | Date of Initial Appointment | Date of Last Re-election | Directorships in other listed companies | |
|---|---|---|---|---|---|
| | | | | Current | Past 3 Years |
| Mr. Saw Tatt Ghee | Executive Chairman and CEO | 11 January 2018 | Nil | Nil | Nil |
| Ms. Saw Lee Ping | Executive Director and CAO | 10 June 2019 | Nil | Nil | Nil |
| Mr. Chan Wee Kiang | Lead Independent Director | 10 June 2019 | Nil | Nil | Nil |
| Mr. Peter Sim Swee Yam | Independent Director | 10 June 2019 | Nil | (a) Lum Chang Holdings Limited<br>(b) Mun Siong Engineering Limited<br>(c) Haw Par Corporation Limited<br>(d) Singapore Reinsurance Corporation Limited | (a) Marco Polo Marine Ltd. |
| Mr. Yap Zhi Chau | Independent Director | 10 June 2019 | Nil | Nil | Nil |

The principal commitment of the Directors, if any, and other key information regarding the Directors are set out in the "Board of Directors & Key Management" section in this Annual Report.

No Director has served on the Board for more than nine years.

## REPORT ON CORPORATE GOVERNANCE

### PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Saw Tatt Ghee ("**Mr. Saw**"), the founder of the Group, is the Executive Chairman and also the CEO of the Group.

As the Executive Chairman, his principal duties and responsibilities include:

- Leading the Board to ensure its effectiveness on all aspects of its roles;
- Scheduling meetings for the Board and Board Committees to discharge its duties with the assistance of the Financial Controller and the Company Secretary, including setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
- Promoting a culture of openness and debate at the Board;
- Coordinating activities of the Non-Executive Directors and facilitating the effective contribution of Non-Executive Directors;
- Exercising control over quality, quantity and timeliness of the flow of information between Management and the Board to ensure that the Directors receive complete, adequate and timely information;
- Maintaining regular dialogue with Management on all operational matters;
- Encouraging constructive relations within the Board and between the Board and Management;
- Ensuring effective communication with shareholders; and
- Assisting in ensuring the Company's compliance with corporate governance provisions and promote high standards of corporate governance.

As the CEO, Mr. Saw is responsible for overseeing the overall development and performance of our Group, setting and executing the strategic directions and expansion plans for the growth and development of our Group, including sourcing for new brands to add to our portfolio to promote the growth of our business. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision.

Although the roles and responsibilities for the Chairman and the CEO are vested in Mr. Saw, this being a deviation from the provision of the Code, the Board believes that vesting the roles of both Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and hence, allows more effective planning and execution of long-term business strategies.

To ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, all major proposals by Mr. Saw, such as proposed investments, are reviewed by the Board before any decisions are made. The Board believes that there are adequate safeguards and checks in place to ensure that the process of decision making by Board is independent and based on collective decisions without any individual exercising any considerable concentration of power of influence. As such, there is a balance of power and authority and therefore no one individual can control or dominate the decision-making process of the Company. The Board is not considering separating the roles of the Chairman and the CEO at this moment. The NC will review the need to separate the roles from time to time and make its recommendation when necessary.

The Executive Chairman and CEO's performance and appointment to the Board are reviewed periodically by the NC and his remuneration package is reviewed by the RC when his Service Agreement is due for renewal. Both the NC and RC are chaired by Independent Directors. Mr. Saw also abstains from voting on any matter in respect of his own re-election and remuneration.

In line with the provisions of the Code, Mr. Chan Wee Kiang was appointed Lead Independent Director of the Company to coordinate and lead the Independent Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board. The Lead Independent Director provides leadership in situations where the Executive Chairman and CEO may be conflicted, and is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Executive Chairman and CEO or Management are inappropriate or inadequate.

The Independent Directors, led by the Lead Independent Director, will meet during the year without the presence of the Management and other Executive Directors and the Lead Independent Director will provide feedback to the Executive Chairman and CEO after such meetings so as to facilitate effective discussion with the Executive Chairman and CEO and between the Board on strategic issues and any other issues that may arise. For FY2019, the Independent Directors had met during the year without the presence of Management and other Executive Directors and the feedback, if any, had been provided to the Executive Chairman and CEO accordingly.

### PRINCIPLE 4: BOARD MEMBERSHIP

The NC is regulated by a set of written terms of reference which are in line with the Code. The NC comprises three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:

Mr. Yap Zhi Chau (Chairman)
Mr. Chan Wee Kiang
Mr. Saw Tatt Ghee

The NC is responsible for, including but not limited to, the following key terms of reference:

(i) making recommendations to the Board on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the Chairman, the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**"), and (ii) the review of training and professional development programs for the Board;

(ii) reviewing and recommending the appointment of new Directors and executive officers and the re-nomination of the Directors having regard to each Director's contribution, performance and ability to commit sufficient time, resources and attention to the affairs of the Group, and each Director's respective commitments outside the Group including his principal occupation and board representations on other companies (if any);

(iii) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;

(iv) reviewing the composition of the Board annually to ensure that the Board and the Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, knowledge, experience and other aspects of diversity such as gender and age, and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;

(v) determining whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's number of listed company board representation and other principal commitments;

(vi) making recommendations to the Board on the development of a process for evaluation and performance of the Board, its Board Committees and Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholder value;

(vii) implementing a process for assessing the effectiveness of the Board as a whole and the Board Committees and for assessing the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board and each Board Committee on which he sits;

(viii) reviewing and approving any employment of all managerial staff and employees who are related to any of the Directors, substantial shareholders or the CEO of the Company and the proposed terms of their employment;

(ix) re-nominating of Directors who are retiring by rotation for re-election by shareholders, to have regard to the Director's contribution and performance (e.g. his attendance, preparedness, participation and candour) including, if applicable, as an independent Director;

(x) setting up internal guidelines to address the competing time commitments that is faced when Directors serve on multiple boards (if necessary); and

(xi) reviewing the statements made in the annual report relating to the Company's policies on selection, nomination and evaluation of Board members in its annual report with a view to achieving clear disclosure of the same.

The NC has the responsibility of establishing a formal and transparent search and nomination process for the selection and re-election of Directors.

When an existing Director chooses to retire or is required to retire from office by rotation, or the need for a new Director arises, the NC reviews the range of expertise, skills and attributes of the Board and the composition of the Board.

Although the Board does not have a written policy with regards to diversity in identifying Director nominees, it will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. New Directors, if any, will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and the NC will, in consultation with the Board, evaluate and determine the selection criteria with due consideration to the mix of skills, knowledge and experience of the existing Board. The NC will evaluate potential candidates by undertaking background checks, assessing individual competency, knowledge, management skills, financial literacy, experience and qualifications, thereby ensuring the fulfilment of every requirement which the Board as a whole requires to be effective. The NC will seek candidates from a wide pool of individuals not limited to persons known to the Directors directly, and is empowered to engage professional search firms to aid in this process.

Newly appointed Directors will be provided with background information about the history, the Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors may join institutes and group associations of specific interests, and attend relevant training seminars or informative talks at the Company's expense from time to time to apprise themselves of legal, financial and other regulatory developments, if required. As an ongoing exercise, the Directors will also be briefed by professionals during Board meetings or at separate seminars on amendments and requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and other statutory and regulatory changes which may have an important bearing on the Company and the Directors' obligations to the Company, from time to time.

Upon the appointment of each Director, the Executive Directors are provided with a Service Agreement setting out the terms and conditions of his/her appointment. The Service Agreement is reviewed and subject to the RC's recommendation, and unless terminated by either party, is renewed upon expiry. All Non-Executive Directors are given formal appointment letters setting out the terms of their appointment as well as their duties and obligations.

The NC, which is responsible for reviewing the independence of each Director on an annual basis, had adopted the Code's definition of an Independent Director and provisions as to relationships in determining the independence of a Director. In addition, the NC requires each Non-Executive Director to assess his own independence by completing a Confirmation of Independence form which is drawn up in accordance with the provisions of the Code and state whether he considers himself independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any.

For FY2019, the NC had reviewed the independence of the Board members with reference to the provisions set out in the Code.

The Board concurred with the NC's view that none of the Non-Executive Directors are related and do not have any relationships with the Company, its related corporations, its substantial shareholder with a shareholding of 5% or more, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Company.

Pursuant to its terms of reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed companies and other principal commitments. In view of this, the NC, having considered the confirmations received by the Non-Executive Directors, is of the view that such multiple board representations (where applicable) do not hinder each Non-Executive Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC's views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognisance of the Code's requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. The Board is of the view that setting a maximum number of listed company board representations which a Director may concurrently hold would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full-time employment and their personal commitments or responsibilities. Nevertheless, the NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

## REPORT ON CORPORATE GOVERNANCE

The Board subscribes to the principle that all Directors should stand for re-election at regular intervals and at least once every three years. In accordance with the Company's Constitution, all Directors are required to retire from office at least once every three years and submit themselves for re-election at the next Annual General Meeting ("**AGM**"). A new Director appointed in between the AGM must also submit himself for re-election at the AGM following his appointment. The retiring Directors are eligible to offer themselves for re-election.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of the four Directors who were appointed during the year, namely Ms. Saw Lee Ping, Mr. Chan Wee Kiang, Mr. Peter Sim Swee Yam and Mr. Yap Zhi Chau who will be retiring pursuant to Regulation 114 of the Company's Constitution at the forthcoming AGM.

All Directors retiring by rotation have consented to continue in office and the Board had accepted the recommendations of the NC and accordingly, the above-mentioned Directors will be offering themselves for re-election.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his own re-election, if any, as Director of the Company.

The information on each Director's academic and professional qualifications and other principal commitments is presented in the "Board of Directors & Key Management" section of this Annual Report and their shareholdings in the Company and its related corporations and relationships (if any) are presented in the "Directors' Statement" section of this Annual Report.

**PRINCIPLE 5: BOARD PERFORMANCE**

The Board has established processes to be carried out by the NC, including taking into consideration the attendance record at the meetings of the Board and the Board Committees for monitoring and evaluating the performance of the Board as a whole and effectiveness and contribution of individual Directors. At the same time, the processes also identify areas where improvements can be made. This will then allow the Board and individual Directors to direct more effort in those areas for achieving better performance of the Board and better effectiveness of individual Directors.

The NC will evaluate the Board's performance covering areas that include, *inter alia*, size and composition of the Board, Board's access to information, Board processes, strategic planning and accountability.

The NC shall also review the overall performance of the Board and the Board Committees in terms of their roles and responsibilities and the conduct of their affairs as a whole.

The review of the performance of the Board will be conducted by the NC annually. The review of the performance of each Director will also be conducted annually.

It is envisaged that the review process of the performance of the Board, Board Committees and the individual Directors will be based on the following:

1. each Director will complete a board evaluation questionnaire on the effectiveness of the Board based on the Board's pre-determined criteria;
2. each member of the Board Committees will complete a Board Committee evaluation questionnaire on the effectiveness of the Board Committees based on the Board's pre-determined criteria;
3. each Director will assess the performance of each of the other Directors based on the Board's pre-determined criteria;
4. the Management/Company Secretary will collate and submit the questionnaire results to the NC chairman in the form of a report; and
5. the NC will discuss the report and the NC chairman will present the results of the performance review during the NC meeting.

As the Company was listed in July 2019, no Board, Board Committee or individual Director evaluations were conducted by the NC in FY2019. Such Board, Board Committees and individual Director evaluations will be conducted in FY2020.

**PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

The RC is regulated by a set of written terms of reference which are in line with the Code. The RC comprises three Non-Executive Directors, all of whom, including the Chairman, are Independent Directors. The composition of the RC is as follows:

Mr. Chan Wee Kiang (Chairman)
Mr. Peter Sim Swee Yam
Mr. Yap Zhi Chau

The RC is responsible for, including but not limited to, the following key terms of reference:

(i) reviewing and recommending to the Board, in consultation with the Chairman of the Board, for the endorsement of the entire Board, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel;

(ii) reviewing and recommending to the Board, for the endorsement of the entire Board, specific remuneration packages for each Director and Key Management Personnel;

(iii) approving performance targets for assessing the performance of each Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board;

(iv) considering and reviewing remuneration packages in order to maintain attractiveness, to retain and motivate Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company, and to align the level and structure of remuneration with the long-term interests and risk policies of the Company;

(v) conducting an annual review of the specific remuneration packages of all managerial staff and employees who are related to any of the Directors or substantial shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities and to review and approve any bonuses, pay increases and/or promotions for these related managerial staff and employees;

(vi) covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind (including the review and approval of the design of all share option plans, performance share plans and/or other equity based plans and benefits in kind); and

(vii) reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.

Each member of the RC will abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his own remuneration.

For FY2019, the Company has in place a Service Agreement for each Executive Director which sets out their remuneration framework. Such Service Agreements are for an initial period of five years for the Executive Chairman and CEO and three years for the Executive Director. The Company may, at its discretion, extend the initial term by a further period of three years, by providing notice of not less than six months to the Executive Chairman and CEO and the Executive Director and CAO prior to the expiry of the initial five-year period and three-year period as set out in their respective Service Agreements.

The RC, if required, will seek expert advice, both within and outside the Company on remuneration of all Directors. No remuneration consultant was engaged in FY2019.

**PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION**

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Group's performance.

The remuneration structure for the Executive Chairman and CEO, Executive Director and CAO and the Key Management Personnel consists of a Fixed Component, Variable Component, Benefits and the ST Group Performance Share Plan.

Fixed Component

Fixed pay comprises basic salary and Annual Wage Supplement.

Variable Component

This component refers to the variable bonus and contractual payments that are paid based on the Group and individual's performance.

Benefits

Benefits provided are consistent with market practice. To be eligible for these benefits, it will depend on the individual's job grade and scheme of service.

ST Group Performance Share Plan (the "**Plan**")

The Company has also adopted the Plan on 10 June 2019 which is proposed on the basis that it is important to retain talent whose contributions are essential to the well-being and prosperity of the Group and to give recognition to outstanding participants who have contributed to the growth of the Group. The Plan will give participants an opportunity to have a personal equity interest in the Company.

Participants of the Plan ("**Participants**")

- Group employees who, as of the date on which a contingent award of Shares under the Plan is granted ("**Award Date**"), have attained the age of 21 years and hold such rank as may be designated by the RC from time to time taking into consideration, among other things, role, seniority, length of service, performance history and potential contribution to the Group, and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Executive Director or executive director of a Group subsidiary, such shorter period as the Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date.
- Controlling shareholders and their associates who satisfy the criteria set out above shall be eligible to participate in the Plan.
- Subject to the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and any requirements of the SGX-ST, the terms of eligibility for participation in the Plan may be amended from time to time at the absolute discretion of the RC.

The aggregate number of Shares which may be issued or transferred pursuant to awards granted under the Plan on any date, when aggregated with the total number of Shares over which options or awards are granted under any share option schemes or share schemes of our Company (including the Plan), shall not exceed 15.0% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day preceding that date.

The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the adoption date of the Plan, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The expiry or termination of the Plan shall not affect awards which have been granted prior to such expiry or termination, whether such awards have been released (whether fully or partially) or not.

For more information, please refer to rules of the Plan set out in the section entitled "Appendix G – Rules of the ST Group Performance Share Plan" of the Company's Offer Document dated 26 June 2019.

As at 30 June 2019, there were no awards granted under the Plan.

Under the terms of the Service Agreements entered into with the Executive Directors, the Company is entitled to reclaim, in full or in part, incentive components of remuneration paid, whether in the current or previous financial years, to the Executive Directors, under circumstances of (i) misstatement of financial results, or (ii) misconduct resulting, directly or indirectly, in financial loss to the Company, as may be determined by the Board in its absolute discretion. The RC will review the Company's obligations arising in the event of termination of the executive directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and Key Management Personnel commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group. For FY2019, the RC is satisfied with the Executive Directors and key management personnel's remuneration packages and recommended the same for Board approval. The Board had approved the recommendations accordingly.

## REPORT ON CORPORATE GOVERNANCE

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

The fixed monthly Director's fee for each Director is SGD2,500/- with an additional of SGD100/- for being member of each committee.

The RC had recommended to the Board an amount of SGD124,500/- as Directors' fees for the financial year ending 30 June 2020, payable quarterly in arrears. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

**PRINCIPLE 8: DISCLOSURE ON REMUNERATION**

The remuneration of Directors of the Group for FY2019 is set out below:

**Directors' Remuneration**

| Name of Director | Fees % | Fixed Component % | Variable Component % | Benefits in Kind % | ST Group Performance Plan % | Total % |
|---|---|---|---|---|---|---|
| **Between AUD250,000 to AUD500,000** | | | | | | |
| Mr. Saw Tatt Ghee | – | 99 | 1 | – | – | 100 |
| **Below AUD250,000** | | | | | | |
| Ms. Saw Lee Ping | – | 97 | 3 | – | – | 100 |
| Mr. Chan Wee Kiang | – | – | – | – | – | – |
| Mr. Peter Sim Swee Yam | – | – | – | – | – | – |
| Mr. Yap Zhi Chau | – | – | – | – | – | – |

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2019.

(b) Variable Component refers to variable or performance related bonus paid in FY2019.

(c) Includes the remuneration paid through ST Group Pty Ltd pursuant to the Management Services Agreement, which was terminated on 31 January 2019. Please refer to the Company's Offer Document dated 26 June 2019 for further details.

While the Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis, after careful consideration, the Board is of the view that such disclosure would not be in the best interests of the Company or its Shareholders, and that the details disclosed in the table provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

**Remuneration of Top 5 Key Management Personnel**

| Name of Key Management Personnel | Fixed Component % | Variable Component % | Benefits in Kind % | ST Group Performance Plan % | Total % |
|---|---|---|---|---|---|
| **Below AUD250,000** | | | | | |
| Ms. Chin Poh Yeen | 98 | 2 | – | – | 100 |
| Mr. Leong Weng Yu | 97 | 3 | – | – | 100 |
| Mr. Ng Yee Siang | 100 | – | – | – | 100 |
| Mr. Pang Kher Chink | 97 | 3 | – | – | 100 |
| Mr. Tan Tee Ooi | 96 | 4 | – | – | 100 |

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2019.

(b) Variable Component refers to variable or performance related bonus paid in FY2019.

(c) Includes the remuneration paid through ST Group Pty Ltd pursuant to the Management Services Agreement, which was terminated on 31 January 2019. Please refer to the Company's Offer Document dated 26 June 2019 for further details.

The aggregate remuneration paid to the top 5 Key Management Personnel is approximately AUD462,743/-.

For FY2019, there were no termination, retirement and post-employment benefits granted to Directors and the top 5 Key Management Personnel (who are not Directors or the CEO).

**Related Employees and Employees who are Substantial Shareholders**

Mr. Saw Tatt Ghee, Ms. Saw Lee Ping, Mr. Leong Weng Yu, Mr. Ng Yee Siang, Mr. Pang Kher Chink and Mr. Tan Tee Ooi are substantial shareholders of the Company. Mr. Saw Tatt Ghee and Ms. Saw Lee Ping are siblings, and Mr. Tan Tee Ooi is the spouse of Ms. Saw Lee Ping.

**Remuneration of employee who is an employee and a substantial shareholder of the Company**

| Name | Remuneration for FY2019 | Relationship |
|---|---|---|
| Mr. Lee Jian Hui[(a)] | Between AUD100,000 to AUD200,000 | Employee and substantial shareholder |

(a) Includes the remuneration paid through ST Group Pty Ltd pursuant to the Management Services Agreement, which was terminated on 31 January 2019. Please refer to the Company's Offer Document dated 26 June 2019 for further details.

Save as disclosed above, there are no employees of the Group who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds SGD100,000/- for FY2019.

**PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS**

The Board acknowledges that it is responsible for the overall internal control framework and maintaining a sound system of internal controls to safeguard the interests of the Company and its shareholders.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and influencing the controls consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedures.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditor and external auditors have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. The AC will review the internal auditor's comments and findings and ensure that there are adequate and effective internal controls in the Group and follow up on actions implemented.

The Board has obtained a written confirmation from the Executive Chairman and CEO and the Financial Controller that as at 30 June 2019, to the best of their knowledge:

(a) the financial records of the Company and its subsidiaries have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

(b) based on the risk management and internal control systems established by the Group, work performed by the internal and external auditors, and reviews performed by management, the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2019.

The Key Management Personnel have also provided their confirmation that based on the risk management and internal control systems established by the Group, work performed by the internal and external auditors, and reviews performed by management, the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective as at 30 June 2019.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group's internal control systems is a concerted and continuing process.

In view of the above, the Board, with the concurrence of the AC, is of the opinion that the internal controls (including financial, operational, compliance and information technology controls) and risk management systems are adequate and effective. As recommended by the SGX-ST, the opinion of the Board pursuant to Rule 1204(10) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") is also set out in the Directors' Statement under page 32 of the Annual Report.

**PRINCIPLE 10: AUDIT COMMITTEE**

The AC is regulated by a set of written terms of reference which are in line with the Code. The AC comprises all Independent Directors and its composition is as follows:

Mr. Yap Zhi Chau (Chairman)
Mr. Chan Wee Kiang
Mr. Peter Sim Swee Yam

The Board is of the view that all AC members are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities. None of the members nor the AC Chairman are former partners or Directors of the Group's existing auditing firm nor does any of them has any financial interests in the auditing firm.

The AC meets at least twice a year and as and when deemed appropriate to carry out its function. It has the following key terms of reference:

(i) assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

(ii) reviewing significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to financial performance;

(iii) reviewing the external auditor's audit plan, scope of work and audit report, and the external auditor's evaluation of the system of internal accounting controls;

(iv) reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by our Board;

(v) reviewing the statements to be included in the annual report concerning the adequacy and effectiveness of our internal controls (including financial, operational, compliance, and information technology controls) and risk management systems;

(vi) reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(vii) reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy and effectiveness of the internal audit function;

## REPORT ON CORPORATE GOVERNANCE

(viii) approving the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

(ix) appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors and the adequacy of disclosure of information;

(x) reviewing the co-operation extended by management to the internal and external auditors;

(xi) reviewing at regular intervals with the management the implementation by the Group of the internal control recommendations made by the internal and external auditors;

(xii) reviewing the adequacy, effectiveness, independence and objectivity of the internal and external auditors;

(xiii) making recommendations to the Board on the proposals to Shareholders on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

(xiv) reviewing and approving all hedging policies and instruments (if any) to be implemented by the Company;

(xv) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and

(xvi) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference, and has full cooperation and access to Management. It has direct access to the internal and external auditors, and full discretion to invite any Director or Key Management Personnel to attend its meetings, and reasonable resources to enable it to discharge its functions. It also has the authority to review its terms of reference and its own effectiveness annually and recommend necessary changes to the Board.

The Group has also outsourced its internal audit function to Nexia TS Risk Advisory Pte. Ltd. as its Internal Auditors. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out the internal audit taking guidance from the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors, and report directly to the AC on internal audit matters.

The role of the Internal Auditors is to support the AC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the AC.

The hiring, removal, evaluation and compensation of the Internal Auditors or corporation to which the internal audit function is outsourced was approved by the AC. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC will also review the adequacy and effectiveness of the internal audit function annually to ensure that the internal audit function is sufficiently resourced and is able to perform its function effectively and objectively. For FY2019, the AC is satisfied that Nexia TS Risk Advisory Pte. Ltd. is independent, effective and adequately resourced.

The AC meets with the Group's internal auditor and external auditors and Management to review accounting, auditing and financial reporting matters so as to ensure that an effective system of control is maintained in the Group. In performing its functions for FY2019, the AC had:

(i) held 2 meetings with Management, internal auditors and the external auditors, and met once with the internal auditors and the external auditors without the presence of Management;

(ii) conducted a review of the non-audit services (relating mainly to audit services for the IPO) provided by the external Auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination. The following fees for FY2019, amounting to AUD1,015,679/- were approved:

Audit fees AUD318,479/-
Non-Audit fees AUD697,200/-

The external auditors had also confirmed their independence in this respect;

(iii) confirmed that the Company had complied with Rule 712 of the Catalist Rules in relation to the appointment of a suitable auditing firm to meet its audit obligations. Baker Tilly TFW LLP, the appointed auditors of the Group, is registered with the Accounting and Corporate Regulatory Authority in Singapore.

Together with the audit engagement partner and his team assigned to the audit of the Group, the AC was satisfied that the resources and experience of Baker Tilly TFW LLP, the audit engagement partner and his team assigned to the audit were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group; and

(iv) confirmed that the Company had complied with Rule 715 of the Catalist Rules in relation to the appointment of the same auditing firm based in Singapore to audit its accounts, and a suitable auditing firm for its significant foreign-incorporated subsidiaries. The auditors of the Group's subsidiaries are disclosed under Note 13 of the Notes to the Financial Statements on page 62 of this Annual Report.

The AC, with the concurrence of the Board, had recommended the re-appointment of Messrs. Baker Tilly TFW LLP as external auditors for FY2020 at the forthcoming AGM, based on their performance and the quality of their audit.

The external auditors, and the Financial Controller also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the external auditors and/or independent professional advice, or attend relevant seminars and/or informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

The Company has put in place a Whistle-Blowing Policy which is in line with the Code and provides well-defined and accessible channels in the Group through which staff and any other persons may in confidence, raise their concerns and possible improprieties, fraudulent activities or malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters. The objective of the Whistle-Blowing Policy is to ensure that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistle blowing received in FY2019.

**PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

**PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS**

**PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS**

The Group is committed to delivering high standards of corporate disclosure and transparency in our communications with shareholders, analysts and other stakeholders in the investment community. The Group provides timely, regular and relevant information regarding the Group's strategy, performance and prospects to aid shareholders and investors in their investment decisions.

Information is communicated to shareholders on a timely basis. Communication is made through annual reports or circulars that are prepared and issued to all shareholders as well as half yearly and full year results announcements, containing a summary of the financial information and affairs of the Group for the period, notices and explanatory notes of the AGM and Extraordinary General Meeting ("**EGM**"), other announcements and press releases that are issued via SGXNET. Shareholders can also access the Group's website at http://stgroup.net.au/ for the aforementioned information on the Group.

The notice of the AGM is despatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days before the meeting for ordinary resolutions and twenty-one days before the meeting for special resolutions. The notice is also advertised in the newspapers for the benefit of the shareholders.

Although the Company does not have an investor relations policy, other than communicating with shareholders at the AGM, Management proactively engages shareholders and the investment community through group and one-on-one meetings, conference calls, email communications and investor conferences. The shareholders may contact the Company's and any investors relations matters at Citigate Dewe Rogerson at 105 Cecil Street, #09-01 The Octagon, Singapore 069534.

The Company does not practice selective disclosure, and in the event of any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

General meetings are the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGM and EGM to ensure high level of accountability and to stay informed of the Group's strategy and goals. At the general meetings, shareholders are informed of the rules, including voting procedures, that govern general meetings and also given the opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the general meeting.

Currently, the Board has not implemented any voting methods to allow shareholders to vote by way of electronic mail or facsimile. However, pursuant to Regulation 99 of the Constitution of the Company, the Directors may, at their sole discretion, approve and implement, subject to such security measures as may be deemed necessary or expedient, such voting methods to allow shareholders who are unable to vote in person at any general meeting the option to vote in absentia, including but not limited to voting by electronic mail or facsimile.

A member, who is not a relevant intermediary (as defined in Section 181 of the Companies Act), is entitled to appoint one or two proxies to attend and vote at the AGM. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. The duly completed and signed proxy forms are required to be submitted to the Company's Share Registrar's address 72 hours before the general meeting.

Each distinct issue is proposed as a separate resolution at the general meeting.

All the Directors and the external auditors will be available at the forthcoming AGM to attend to queries raised by shareholders. The minutes of all general meetings are posted on the Group's website. The minutes disclose the names of the Directors, Management and, where relevant, the external auditor and advisors who attended the meetings, as well as details of the proceedings, including the questions raised by shareholders and the answers given by the Board/Management.

The Company conducts voting in general meetings by poll where shareholders are accorded rights proportionate to their shareholding and all votes are counted. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET after the meeting. The Board believes that this will enhance transparency of the voting process and encourage greater shareholder participation.

The Group recognises the importance in maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of its stakeholders – namely customers, investors, regulators and employees. As the Company was listed on 3 July 2019, it is required to issue its first sustainability report ("**First SR Report**") no later than 12 months (i.e. no later than 30 June 2020) from the end of FY2019. The Group is currently working towards issuing its First SR Report, which sets out its corporate social responsibility practices and strategy and key areas of focus in relation to the management of stakeholder relationships.

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividends and where dividends are not paid, the Company will disclose its reason(s) accordingly.

For FY2019, the Board did not recommend the payment of dividends in view of the listing expenses incurred in connection with the IPO, and as it deems it appropriate to conserve cash for the Group's business expansion.

**DEALING IN SECURITIES**

In line with Rule 1204(19) of the Catalist Rules, the Company has adopted a compliance code to issue a notification to all Directors, key executives and officers of the Group that they are not allowed to deal in the Company's securities during the "black-out" period, being one month before the announcement of the Company's half-yearly and full-year results respectively, or if they are in possession of unpublished price-sensitive information of the Group.

In addition, Directors, key executives and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also discouraged from dealing in the Company's securities on short-term considerations.

The Board confirms that for FY2019, the Company has complied with Rule 1204(19) of the Catalist Rules.

## REPORT ON CORPORATE GOVERNANCE

### INTERESTED PERSON TRANSACTIONS ("IPT")

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPTs. All IPTs are subject to review by the AC at its meetings.

Save as disclosed below, there are no IPTs between the Group and any of its interested persons during FY2019:

| | **Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Catalist Rules)** | **Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than SGD100,000)** |
|---|---|---|
| Lease of 120 and 130 Turner Street, Port Melbourne, VIC 3207, Australia from SCL Property Australia Pty Ltd | AUD600,165/- (equivalent to approximately SGD575,918) | – |
| Transactions with Idarts QV Pty Ltd | AUD175,835/- (equivalent to approximately SGD168,731) | – |
| Management fees received from Idarts QV Pty Ltd | AUD49,350/- (equivalent to approximately SGD47,356) | – |
| Management fees paid to ST Group Pty Ltd | AUD587,829 (equivalent to approximately SGD564,098) | – |
| Total | AUD1,413,179/- (equivalent to approximately SGD1,356,079) | – |

The above IPTs have been duly disclosed in the Company's Offer Document dated 26 June 2019. Please refer to the Offer Document for further details.

The Group does not have a general mandate for IPTs.

### MATERIAL CONTRACTS

Pursuant to Rule 1204(8) of the Catalist Rules, save for the following, there were no material contracts still subsisting at the end of FY2019, or if not subsisting, entered into since the end of the previous financial year, by the Company and its subsidiaries and involving the interests of the CEO, Directors or controlling shareholders of the Company:

(i) Service Agreement entered with Mr. Saw Tatt Ghee, the Executive Chairman and CEO (as disclosed in the Company's Offer Document dated 26 June 2019); and

(ii) Service Agreement entered with Ms. Saw Lee Ping, the Executive Director and CAO (as disclosed in the Company's Offer Document dated 26 June 2019).

### USE OF PROCEEDS

The Company received proceeds from the IPO of approximately SGD6.2 million (the "**Net Proceeds**"). As at the date of this Annual Report, the Net Proceeds have been utilised as follows:

| **Use of proceeds** | **Allocation of Net Proceeds (as disclosed in the Offer Document) (SGD'000)** | **Net Proceeds utilised as at the date of this Annual Report (SGD'000)** | **Balance of Net Proceeds as at the date of this Annual Report (SGD'000)** |
|---|---|---|---|
| Expansion of franchise network and introduction of new brands and concepts | 4,000 | (1,140) | 2,860 |
| Acquisition of new equipment and machinery and expansion of our existing Central Kitchen and corporate office in Australia | 1,000 | – | 1,000 |
| Establishing a new central kitchen and corporate office in Malaysia | 600 | – | 600 |
| General working capital purposes | 600 | – | 600 |
| Total | 6,200 | (1,140) | 5,060 |

The above utilisations were in accordance with the intended use of the Net Proceeds and the percentages allocated, as stated in the Company's Offer Document dated 26 June 2019. The Company will continue to make announcements on the utilisation of the balance of the Net Proceeds as and when they are materially disbursed.

### NON-SPONSOR FEES

United Overseas Bank Limited became the continuing sponsor of the Company following the listing on the SGX-ST on 3 July 2019. For FY2019, the Company only paid United Overseas Bank Limited fees in relation to the IPO.

## ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("CATALIST RULES") ON DIRECTORS SEEKING FOR RE-ELECTION

The following additional information on Mr Chan Wee Kiang, Mr Yap Zhi Chau, Ms Saw Lee Ping and Mr Peter Sim Swee Yam, all of whom are seeking re-election as Directors at this Annual General Meeting ("**AGM**"), is to be read in conjunction with their respective biographies on page 12 of this Annual Report.

| | **Chan Wee Kiang** | **Yap Zhi Chau** |
|---|---|---|
| Date of Appointment | 10 June 2019 | 10 June 2019 |
| Date of last re-appointment (if applicable) | Not applicable | Not applicable |
| Age | 41 | 39 |
| Country of principal residence | Malaysia | Malaysia |
| The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election) | The Nominating Committee ("**NC**"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Chan Wee Kiang's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Chan Wee Kiang who will be retiring pursuant to Regulation 114 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr Chan Wee Kiang had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election. | The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Yap Zhi Chau's contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr Yap Zhi Chau who will be retiring pursuant to Regulation 114 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr Yap Zhi Chau had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Lead Independent Director, Remuneration Committee ("**RC**") Chairman, Audit Committee ("**AC**") Member and NC Member | Independent Director, AC Chairman, NC Chairman and RC Member |
| Professional qualifications | Please refer to the Directors' respective biographies on page 12 of this Annual Report. | |
| Working experience and occupation(s) during the past 10 years | Please refer to the Directors' respective biographies on page 12 of this Annual Report. | |
| Shareholding interest in the listed issuer and its subsidiaries | Nil | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer – Yes/No | Yes | Yes |
| Other Principal Commitments* | Deputy group general manager of PCCS Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. | Group executive chairman of YYC Holdings Sdn Bhd, an accounting firm in Malaysia. |
| Other Directorships for the past 5 years | Nil | YYC (Serdang) Sdn Bhd<br>Elegant Management Sdn Bhd<br>Postcode 1MK Sdn Bhd<br>Postcode Bakery Sdn Bhd (Struck-off)<br>Postcode Holdings Sdn Bhd (Struck-off)<br>Postcode Orient Sdn Bhd<br>GC Elite Management Sdn Bhd<br>Freelance Management Services Sdn Bhd<br>Dynasty Creations Sdn Bhd<br>Badminton League Malaysia Sdn Bhd |

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("CATALIST RULES") ON DIRECTORS SEEKING FOR RE-ELECTION**

| | Chan Wee Kiang | Yap Zhi Chau |
|---|---|---|
| Other Present Directorships | PCCS Garments (Suzhou) Limited<br>PCCS (Hong Kong) Limited<br>Thirty Three (Hong Kong) Limited<br>Thirty Three (Shanghai) Limited<br>Harvest Trading (Shanghai) Limited<br>Harvest Investment (Hong Kong) Limited<br>Perfect Seamless Garments (Cambodia) Limited<br>Thirty Three (Australia) Pty Ltd<br>Infinity Avenues Sdn Bhd<br>Metro Living Sdn Bhd<br>CCS Development Australia Pty Ltd<br>WW Capital (Australia) Pty Ltd<br>WW Capital (Labuan) Sdn Bhd<br>Kings Park Ltd Xwing (M) Sdn Bhd<br>CCS Capital Sdn Bhd | YYC Global Pte Ltd<br>YYC Holdings Sdn Bhd<br>YYC GST Consultants Sdn Bhd<br>YYC Tax Consultants Sdn Bhd<br>YYC Advisors Sdn Bhd<br>K K Chow Training Sdn Bhd<br>YYC (Ampang) Sdn Bhd<br>YYC (Bandar Botanic) Sdn Bhd<br>YYC (Kota Damansara) Sdn Bhd<br>YYC (Puchong) Sdn Bhd<br>YYC (Pudu) Sdn Bhd<br>YYC (USJ Taipan) Sdn Bhd<br>YYC Academy Sdn Bhd<br>YYC Advisors (Ipoh) Sdn Bhd<br>YYC Business Solutions Sdn Bhd<br>YYC Corporate Advisory Sdn Bhd<br>YYC Digital Sdn Bhd<br>YYC Ideal Sdn Bhd<br>YYC JG Sdn Bhd<br>YYC KK Chow Tax Sdn Bhd<br>YYC Management Consultants Sdn Bhd<br>YYC Management Sdn Bhd<br>YYC Outsourcing Sdn Bhd<br>YYC Ventures Sdn Bhd<br>YYC Wechat Sdn Bhd<br>YYC Winning CEO Sdn Bhd<br>YYC Harveston Wealth Advisory Sdn Bhd<br>Agensi Pekerjaan Hirelo Consultancy Sdn Bhd<br>Agere Accounting & Advisory Pte. Ltd.<br>Chin Meng Sdn Bhd<br>Chun Chang Corporation Sdn Bhd<br>F&B Culture Sdn Bhd<br>Fabulous 4 PE Sdn Bhd<br>GNH Uptown Sdn Bhd<br>Go Food Supply Sdn Bhd<br>Go Partners Sdn Bhd<br>H.K Phuah Tax Services Sdn Bhd<br>Intanair Jaya Sdn Bhd<br>K.J. Tan Sdn Bhd<br>Liktak Management Sdn Bhd<br>Newswav Sdn Bhd<br>United Overseas Elite Sdn Bhd<br>YSF Properties Sdn Bhd<br>Pryel Corp Pte Ltd<br>C & T Tax and Corporate Services Sdn Bhd<br>M E Kong & Associates Sdn Bhd<br>YYC (Klang) Sdn Bhd<br>YYC (Uptown) Sdn Bhd<br>YYC Management Services Sdn Bhd |
| Disclosure applicable to appointment of Director only | | |
| Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Mr Chan Wee Kiang does not have prior experience as a director of public listed companies in Singapore. However, he had undertaken training and/or been briefed on the roles and responsibilities of a director of a public listed company in Singapore.<br><br>In accordance with Practice Note 4D of the Catalist Rules, Mr Chan Wee Kiang will attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules within one (1) year from the date of admission of the Company to Catalist. | Mr Yap Zhi Chau does not have prior experience as a director of public listed companies in Singapore. However, he had undertaken training and/or been briefed on the roles and responsibilities of a director of a public listed company in Singapore.<br><br>In accordance with Practice Note 4D of the Catalist Rules, Mr Yap Zhi Chau will attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules within one (1) year from the date of admission of the Company to Catalist. |

| | **Saw Lee Ping** | **Peter Sim Swee Yam** |
|---|---|---|
| Date of Appointment | 10 June 2019 | 10 June 2019 |
| Date of last re-appointment (if applicable) | Not applicable | Not applicable |
| Age | 44 | 64 |
| Country of principal residence | Australia | Singapore |
| The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election) | The NC, having considered the attendance and participation of the Director at Board's meetings, in particular, Ms Saw Lee Ping's contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Ms Saw Lee Ping who will be retiring pursuant to Regulation 114 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Ms Saw Lee Ping had abstained from voting on any resolution and making any recommendation and/or participating in respect of her own re-election. | The NC, having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Mr Peter Sim Swee Yam's contributions to Company as well as Board processes, had recommended to the Board the re-election of Mr Peter Sim Swee Yam who will be retiring pursuant to Regulation 114 of the Company's Constitution at the forthcoming AGM.<br><br>The Board supported the NC's recommendation.<br><br>Mr Peter Sim Swee Yam had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election. |
| Whether appointment is executive, and if so, the area of responsibility | Executive<br><br>Responsible for managing the Group's administrative functions and supporting the Chief Executive Officer in executing the strategic directions and expansion plans for the growth and development of the Group. | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Director and Chief Administrative Officer | Independent Director, AC Member and RC Member |
| Professional qualifications | Please refer to the Directors' respective biographies on page 12 of this Annual Report. | |
| Working experience and occupation(s) during the past 10 years | Please refer to the Directors' respective biographies on page 12 of this Annual Report. | |
| Shareholding interest in the listed issuer and its subsidiaries | Direct interest of 7,175,200 shares in the Company, deemed interest in 17,494,800 shares held by Centurion Equity Pty Limited, deemed interest in 10,583,000 shares held by Tan & Saw Investments Pty Ltd and deemed interest in 6,174,000 shares held by her spouse in the Company. | Nil |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Ms Saw Lee Ping, Mr Saw Tatt Ghee, the Company's Executive Chairman and CEO and Mr Saw Tatt Jin, a Substantial Shareholder of the Company, are siblings.<br><br>Ms Saw Lee Ping is the spouse of Mr Tan Tee Ooi, the Group's Operations Manager and a Substantial Shareholder of the Company | Nil |
| Conflict of interest (including any competing business) | No | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer – Yes/No | Yes | Yes |
| Other Principal Commitments* | Nil | Director of Sim Law Practice LLC. |
| Other Directorships for the past 5 years | IPR (WA) Pty Ltd<br>Oldtown QV (Aust) Pty Ltd<br>Gong Cha Limited<br>STG Food Industries 2 Pty Ltd (Deregistered)<br>PPR QLD Pty Ltd<br>Saw Holdings Pty Ltd | Infinity Capital Partners (S) Pte Ltd<br>YMCA of Singapore<br>Astra Serangkai Singapore Pte Ltd (Struck-off)<br>Marco Polo Marine Ltd |

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(5) OF THE LISTING MANUAL SECTION B: RULES OF CATALIST OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("CATALIST RULES") ON DIRECTORS SEEKING FOR RE-ELECTION**

| | **Saw Lee Ping** | **Peter Sim Swee Yam** |
|---|---|---|
| Other Present Directorships | Gong Cha England Limited<br>Gong Cha England Outlets Limited<br>HBCT (NSW) Co Pty Ltd<br>Papparich Australia Pty Ltd<br>Papparich Central (Melbourne) Pty Ltd<br>STG Beverage (NZ) Pty Ltd<br>STG Food Industries Pty Ltd<br>STG Food Industries 3 Pty Ltd<br>JCT (Doncaster) Pty Ltd<br>JCT ACT Pty Ltd<br>JCT Queensland Pty Ltd<br>Pafu Australia Pty Ltd<br>Pafu Co Outlets Pty Ltd<br>STG Confectionery Pty Ltd<br>STG Confectionery 2 Pty Ltd<br>Oldtown Kopitiam Pty Ltd<br>Tan & Saw Investments Pty Ltd<br>JPG Enterprise Pty Ltd<br>Food Industry Holdings Pty Ltd<br>Alpine Investments Pty Ltd<br>ST PPR (NZ) Pty Ltd<br>STG Pafu Pty Ltd | Gravitas Alliance International Pte Ltd<br>Lum Chang Holdings Limited<br>Sim Law Practice LLC (formerly known as Sim & Wong LLC)<br>SKB & Associates Pte Ltd<br>Mun Siong Engineering Limited<br>Haw Par Corporation Limited<br>Singapore Reinsurance Corporation Limited |
| Disclosure applicable to appointment of Director only | | |
| Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Ms Saw Lee Ping does not have prior experience as a director of public listed companies in Singapore. However, she had undertaken training and/or been briefed on the roles and responsibilities of a director of a public listed company in Singapore.<br><br>In accordance with Practice Note 4D of the Catalist Rules, Ms Saw Lee Ping will attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules within one (1) year from the date of admission of the Company to Catalist.<br><br>Ms Saw Lee Ping will be attending the Listed Entity Director Programme conducted by the Singapore Institute of Directors on 10 and 11 October 2019. | Mr Peter Sim Swee Yam is an independent director of Haw Par Corporation Limited, Mun Siong Engineering, Singapore Reinsurance Corporation Ltd and Lum Chang Holdings Limited, companies which are listed on the Singapore Exchange Securities Trading Limited. |

The Company confirms that the response to the declaration for the items (a) to (k) of Appendix 7F of the Catalist Rules concerning the Directors to be re-elected is a "no".

* *The term "principal commitments" shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

## DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of ST Group Food Industries Holdings Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019.

In the opinion of the directors:

(i) the consolidated financial statements of Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 36 to 81 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

The directors in office at the date of this statement are:

Saw Tatt Ghee

Saw Lee Ping (Appointed on 10 June 2019)

Chan Wee Kiang (Appointed on 10 June 2019)

Yap Zhi Chau (Appointed on 10 June 2019)

Peter Sim Swee Yam (Appointed on 10 June 2019)

**Arrangement to enable directors to acquire benefits**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Directors' interest in shares or debentures**

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

| | Number of ordinary shares | | | | | |
|---|---|---|---|---|---|---|
| | Shareholdings registered in their own names | | | Shareholdings in which a director is deemed to have an interest | | |
| **Name of Directors and Company in which interests are held** | **At 1.7.2018** | **At 30.6.2019** | **At 21.7.2019** | **At 1.7.2018** | **At 30.6.2019** | **At 21.7.2019** |
| **Company** | | | | | | |
| Saw Tatt Ghee | 10,000 | 3,253,300 | 3,253,300 | – | 75,268,400 | 75,268,400 |
| Saw Lee Ping | – | 7,175,200 | 7,175,200 | – | 34,251,800 | 34,251,800 |

The deemed interests of Mr Saw Tatt Ghee and Ms Saw Lee Ping in the shares of the Company are by virtue of their shareholdings in STG Investments Pty Ltd, Centurion Equity Pty Limited and Tan & Saw Investments Pty Ltd which in turn hold shares in the Company. The deemed interests of Ms Saw Lee Ping in the shares of the Company also include shares held by her spouse, Mr Tan Tee Ooi.

Mr Saw Tatt Ghee and Ms Saw Lee Ping, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations, and in the shares of the following subsidiary corporation that is not wholly-owned by the Group:

| | Number of ordinary shares | |
|---|---|---|
| | **At 1.7.2018** | **At 30.6.2019** |
| GC (England) Pte. Ltd. | 55 | 270,000 |
| Papparich Australia Pty Ltd | 150,000 | 150,000 |
| Papparich Central (Melbourne) Pty Ltd | 50 | 50 |
| PPR Co Outlet Pty Ltd | 50 | 50 |
| Malaysian Fine Foods Pty Ltd | 50 | 50 |
| PPR UEXP Pty Ltd | – | 50 |
| Delicious Foodcraft Pty Ltd | 90 | 90 |
| JCT (Chadstone) Pty Ltd | 32 | 100 |
| TGR Food Industries Sdn Bhd | 520 | 630 |
| NNC Food Industries Malaysia Sdn Bhd | 436,800 | 639,200 |
| NNC F&B Restaurants Sdn Bhd | 218,400 | 319,600 |
| NNC Restaurants Damansara Sdn Bhd | 61,152 | 89,488 |
| NNC Food City Sdn Bhd | 152,880 | 178,976 |
| NNC Food Avenue Sdn Bhd | 131,040 | 134,232 |
| IPR (WA) Pty Ltd | 51 | 51 |
| IPR (NZ) Pty Ltd | 51 | 65 |
| BPC Australia Pty Ltd | 55 | 55 |
| Pafu IP Holdings Pte Ltd | 83 | 83 |
| Gong Cha England Limited | – | 60 |
| Gong Cha England Outlets Limited | – | 60 |

## DIRECTORS' STATEMENT

**Share options**

The ST Group Performance Share Plan ("PSP") was approved by the shareholders of the Company on 10 June 2019.

The PSP is administered by the Remuneration Committee of the Company, comprising Yap Zhi Chau, Chan Wee Kiang and Peter Sim Swee Yam. A member of the Remuneration Committee who is also a participant of the PSP must not be involved in its deliberation or decision in respect of the awards granted or to be granted to him. Since the commencement of the PSP, no awards have been granted under the PSP.

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any other corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any other corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any other corporation in the Group under option.

**Audit Committee**

The members of the Audit Committee during the year and at the date of this statement are:

Yap Zhi Chau (Chairman, Independent Director)
Chan Wee Kiang (Lead Independent Director)
Peter Sim Swee Yam (Independent Director)

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Corporate Governance Report section of the 2019 Annual Report.

In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

(a) The audit plans, scope of work, evaluation of the adequacy of the internal controls, audit reports, management letters on internal controls and management response;

(b) The adequacy and effectiveness of the Group's internal controls addressing financial, operational and compliance risks prior to the incorporation of such results in the annual report;

(c) The financial statements of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) The half-year (where relevant) and annual announcement as well as the related press releases on the results and financial position of the Company and the Group;

(e) The co-operation and assistance given by the management to the Group's external auditor;

(f) Interested person transactions falling within the scope of Chapter 9 of the Listing Manual, Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited and other relevant statutory requirements and any potential conflicts of interests; and

(g) The re-appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee is satisfied with the independence and objectivity of the external auditor and has recommended to the board of directors that Baker Tilly TFW LLP be nominated for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

**Independent auditor**

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

| | |
|---|---|
| Saw Tatt Ghee<br>Director | Saw Lee Ping<br>Director |

1 October 2019

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

### Report on the Audit of the Financial Statements

***Opinion***

We have audited the accompanying financial statements of ST Group Food Industries Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 36 to 81, which comprise the statements of financial position of the Group and of the Company as at 30 June 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

***Basis for Opinion***

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (1) Revenue transactions

*Description of key audit matter:*

Revenue is one of the key elements in the financial statements used as a measure of financial performance of an entity. The Group's revenue totalled AUD52,144,689 for the financial year ended 30 June 2019. Revenue from food and beverage retails was the largest income stream (67% of total revenue), followed by supply chain revenue (18% of total revenue) and franchises revenue (14% of total revenue).

We considered revenue recognition to be a key audit matter as it is a significant audit risk and requires significant amount of our attention during the audit. Accuracy of revenue recorded is reliant on accounting records maintained at the respective restaurants and outlets as well as oversight centralised review and reconciliation control procedures undertaken by the finance team at the head office. Supply chain and franchise revenues are dependent on the contractual terms entered into with customers. With the involvement of our component auditors, our audit effort focused on testing that revenue is properly recognised in accordance with the Group's accounting policies on revenue recognition.

*Our procedures to address key audit matter:*

We obtained an understanding of the revenue recognition process, evaluated the design of the relevant internal controls and performed walkthrough of the significant class of revenue transactions. We performed substantive procedures, which include test of details on a sample basis to address the risk of material misstatement over recognition of revenue and for compliance with the Group's accounting principles. We performed cut-off procedures and read significant customer contracts to test that the revenue is accurately recorded in the correct financial period. We also assessed the Group's disclosures in respect of the accounting policies on revenue recognition.

#### (2) Impairment assessment of goodwill

*Description of key audit matter:*

As at 30 June 2019, the carrying value of goodwill held by the Group was AUD945,937.

Goodwill has been allocated to individual cash-generating units ("CGUs") for impairment assessment on an annual basis. The goodwill attributable to CGUs is reviewed for impairment using a value in use model, as described in Note 12 to the financial statements.

This area was a key matter for our audit because the impairment test of goodwill involves complex and subjective estimates and judgements by management about the future results of the CGUs. These estimates and judgements include assumptions surrounding revenue growth rates, terminal growth rates and pre-tax discount rates.

No impairment charge was recorded in 2019.

*Our procedures to address key audit matter:*

We evaluated the appropriateness of management's identification of the Group's CGUs and the process by which management prepared the CGUs' value-in-use calculations. We tested the mathematical accuracy of the CGUs' value-in-use calculations. We compared assumptions used by management in their cash flow projections to historical performance of the CGUs. We assessed the reasonableness of key inputs and assumptions applied by management with a focus on forecast revenue and appropriateness of discount rate and growth rate. We involved our valuation specialists in assessing the reasonableness of the terminal growth rates and discount rates used.

We evaluated management's analysis on the sensitivity of the goodwill amount to reasonable changes in the key assumptions. We also assessed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED (CONTINUED)

### Report on the Audit of the Financial Statements (Continued)

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

1 October 2019

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Group | |
|---|---|---|---|
| | | **2019 AUD** | **2018 AUD** |
| Revenue | 4 | **52,144,689** | 36,478,590 |
| Other income | 5 | **1,457,871** | 1,780,582 |
| ***Expenses*** | | | |
| Changes in inventories | | **442,652** | 275,595 |
| Purchases of inventories | | **(14,181,939)** | (10,004,136) |
| Franchise restaurants and stores related establishment costs | | **(2,353,868)** | (1,040,793) |
| Rental on operating leases | 29(b) | **(5,459,454)** | (3,852,479) |
| Staff costs | 6 | **(16,328,477)** | (11,151,513) |
| Depreciation expense | 11 | **(2,365,052)** | (1,516,953) |
| Amortisation expense | 12(b) | **(255,632)** | (88,797) |
| IPO expenses | | **(2,919,397)** | – |
| Other expenses | 8 | **(5,674,293)** | (5,240,113) |
| Finance costs | 7 | **(206,738)** | (122,321) |
| Share of results of associates | | **–** | 7,508 |
| **Profit before tax** | | **4,300,362** | 5,525,170 |
| Tax expense | 9 | **(1,313,668)** | (1,606,823) |
| **Profit for the year** | | **2,986,694** | 3,918,347 |
| **Other comprehensive income/(loss):** | | | |
| *Item that is or may be reclassified subsequently to profit or loss:* | | | |
| Currency translation differences on consolidation | | **14,667** | (4,995) |
| **Total comprehensive income for the year** | | **3,001,361** | 3,913,352 |
| **Profit attributable to:** | | | |
| Equity holders of the Company | | **1,953,979** | 2,728,113 |
| Non-controlling interests | | **1,032,715** | 1,190,234 |
| **Profit for the year** | | **2,986,694** | 3,918,347 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the Company | | **1,968,646** | 2,723,118 |
| Non-controlling interests | | **1,032,715** | 1,190,234 |
| **Total comprehensive income for the year** | | **3,001,361** | 3,913,352 |
| **Earnings per share for profit attributable to equity holders of the Company (cents per share)** | | | |
| **– Basic and diluted** | 10 | **0.79** | 1.11 |

The accompanying notes form an integral part of the financial statements.

## STATEMENTS OF FINANCIAL POSITION
AT 30 JUNE 2019

| | Note | Group 30.6.2019 AUD | Group (Restated) 30.6.2018 AUD | Group (Restated) 1.7.2017 AUD | Company 30.6.2019 AUD | Company 30.6.2018 AUD |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 11 | **13,717,296** | 9,937,035 | 6,952,328 | **–** | – |
| Intangible assets | 12 | **3,541,376** | 1,965,615 | 790,435 | **–** | – |
| Investment in subsidiaries | 13 | **–** | – | – | **40,195,930** | – |
| Investment in associated companies | 14 | **–** | 21,267 | 13,789 | **–** | – |
| Available-for-sale financial assets | 15 | **–** | 110,150 | 150 | **–** | – |
| Financial assets at fair value through other comprehensive income | 16 | **88,120** | – | – | **–** | – |
| Deferred tax asset | 17 | **2,418,675** | 999,805 | 657,671 | **545,832** | – |
| Restricted cash | 18 | **1,856,293** | 1,011,620 | 619,012 | **–** | – |
| Trade and other receivables | 21 | **508,878** | 257,820 | 262,662 | **–** | – |
| **Total non-current assets** | | **22,130,638** | 14,303,312 | 9,296,047 | **40,741,762** | – |
| **Current assets** | | | | | | |
| Contract assets | 19 | **155,148** | – | 203,002 | **–** | – |
| Inventories | 20 | **1,886,739** | 1,422,821 | 1,147,225 | **–** | – |
| Trade and other receivables | 21 | **5,873,150** | 4,506,479 | 3,758,104 | **6,591,266** | 3,011,285 |
| Cash and bank balances | 22 | **4,197,272** | 7,652,772 | 1,772,710 | **561,134** | 4,502,211 |
| **Total current assets** | | **12,112,309** | 13,582,072 | 6,881,041 | **7,152,400** | 7,513,496 |
| **Total assets** | | **34,242,947** | 27,885,384 | 16,177,088 | **47,894,162** | 7,513,496 |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Share capital | 23 | **47,490,345** | 6,700,941 | 1,560 | **47,490,345** | 6,698,984 |
| Other reserves | 24 | **(39,522,749)** | (219,043) | (202,153) | **–** | – |
| Retained earnings | | **4,585,647** | 3,641,668 | 1,963,555 | **(1,265,983)** | 7,624 |
| Equity attributable to equity holders of the Company, total | | **12,553,243** | 10,123,566 | 1,762,962 | **46,224,362** | 6,706,608 |
| Non-controlling interests | | **2,914,641** | 2,062,330 | 1,330,541 | **–** | – |
| **Total equity** | | **15,467,884** | 12,185,896 | 3,093,503 | **46,224,362** | 6,706,608 |
| **Non-current liabilities** | | | | | | |
| Borrowings | 25 | **1,771,022** | 1,326,921 | 746,394 | **–** | – |
| Trade and other payables | 26 | **1,745,790** | 1,420,216 | 539,817 | **–** | – |
| Contract liabilities | 19 | **1,158,776** | 606,910 | 564,697 | **–** | – |
| **Total non-current liabilities** | | **4,675,588** | 3,354,047 | 1,850,908 | **–** | – |
| **Current liabilities** | | | | | | |
| Trade and other payables | 26 | **9,885,628** | 9,210,000 | 8,111,697 | **1,669,800** | 806,888 |
| Contract liabilities | 19 | **621,513** | 653,475 | 949,655 | **–** | – |
| Borrowings | 25 | **1,201,153** | 1,022,457 | 1,070,915 | **–** | – |
| Tax payable | | **2,391,181** | 1,459,509 | 1,100,410 | **–** | – |
| **Total current liabilities** | | **14,099,475** | 12,345,441 | 11,232,677 | **1,669,800** | 806,888 |
| **Total liabilities** | | **18,775,063** | 15,699,488 | 13,083,585 | **1,669,800** | 806,888 |
| **Total equity and liabilities** | | **34,242,947** | 27,885,384 | 16,177,088 | **47,894,162** | 7,513,496 |

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Share capital (Note 23) AUD | Other reserves (Note 24) AUD | Retained earnings AUD | Equity attributable to equity holders of the Company AUD | Non-controlling interests AUD | Total equity AUD |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Balance at 1 July 2018 | | 6,700,941 | (219,043) | 3,641,668 | 10,123,566 | 2,062,330 | 12,185,896 |
| Profit for the year | | – | – | 1,953,979 | 1,953,979 | 1,032,715 | 2,986,694 |
| **Other comprehensive income** | | | | | | | |
| Currency translation differences on consolidation | | – | 14,667 | – | 14,667 | – | 14,667 |
| Other comprehensive income for the financial year, net of tax | | – | 14,667 | – | 14,667 | – | 14,667 |
| Total comprehensive income for the year | | – | 14,667 | 1,953,979 | 1,968,646 | 1,032,715 | 3,001,361 |
| *Transactions with owners recognised directly in equity* | | | | | | | |
| Issuance of ordinary shares | 23 | 10,693 | – | – | 10,693 | – | 10,693 |
| Issuance of non-redeemable convertible preference shares | 23 | 486,800 | – | – | 486,800 | – | 486,800 |
| Issuance of ordinary shares pursuant to the call option | 23 | 381,901 | (380,230) | – | 1,671 | (12,484) | (10,813) |
| Issuance of ordinary shares pursuant to the conversion of non-redeemable convertible preference shares | 23 | 7,176,221 | – | – | 7,176,221 | – | 7,176,221 |
| Conversion of non-redeemable convertible preference shares | 23 | (7,176,221) | – | – | (7,176,221) | – | (7,176,221) |
| Issuance of ordinary shares pursuant to the Restructuring Exercise | 23 | 39,911,967 | – | – | 39,911,967 | – | 39,911,967 |
| Capital contributions from non-controlling interests in subsidiaries | | – | – | – | – | 242,080 | 242,080 |
| Adjustments pursuant to the Restructuring Exercise | | (1,957) | (38,938,143) | – | (38,940,100) | – | (38,940,100) |
| Dividends | 27 | – | – | (1,010,000) | (1,010,000) | (410,000) | (1,420,000) |
| **Balance at 30 June 2019** | | **47,490,345** | **(39,522,749)** | **4,585,647** | **12,553,243** | **2,914,641** | **15,467,884** |

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUTED)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Share capital (Note 23) AUD | Other reserves (Note 24) AUD | Retained earnings AUD | Equity attributable to equity holders of the Company AUD | Non-controlling interests AUD | Total equity AUD |
|---|---|---|---|---|---|---|---|
| Group | | | | | | | |
| Balance at 1 July 2017 | | 1,560 | (202,153) | 1,963,555 | 1,762,962 | 1,330,541 | 3,093,503 |
| Profit for the year | | – | – | 2,728,113 | 2,728,113 | 1,190,234 | 3,918,347 |
| Other comprehensive loss | | | | | | | |
| Currency translation differences on consolidation | | – | (4,995) | – | (4,995) | – | (4,995) |
| Other comprehensive loss for the financial year, net of tax | | – | (4,995) | – | (4,995) | – | (4,995) |
| Total comprehensive income for the year | | – | (4,995) | 2,728,113 | 2,723,118 | 1,190,234 | 3,913,352 |
| *Transactions with owners recognised directly in equity* | | | | | | | |
| Issuance of ordinary shares | 23 | 9,960 | – | – | 9,960 | – | 9,960 |
| Issuance of non-redeemable convertible preference shares | 23 | 6,823,294 | – | – | 6,823,294 | – | 6,823,294 |
| Capitalisation of share issue expenses | 23 | (133,873) | – | – | (133,873) | – | (133,873) |
| Capital contributions from non-controlling interests in subsidiaries | | – | – | – | – | 70,121 | 70,121 |
| Dividends | 27 | – | – | (1,050,000) | (1,050,000) | (500,000) | (1,550,000) |
| Adjustment pursuant to the Restructuring Exercise | 24 | – | 118,358 | – | 118,358 | – | 118,358 |
| *Changes in ownership interest in subsidiaries* | | | | | | | |
| Acquisition of non-controlling interests in subsidiaries without a change in control | | – | (130,253) | – | (130,253) | (28,566) | (158,819) |
| Balance at 30 June 2018 | | 6,700,941 | (219,043) | 3,641,668 | 10,123,566 | 2,062,330 | 12,185,896 |

The accompanying notes form an integral part of the financial statements.

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Share capital AUD | Retained earnings AUD | Total equity AUD |
|---|---|---|---|---|
| **Company** | | | | |
| Balance at 1 July 2018 | | 6,698,984 | 7,624 | 6,706,608 |
| Loss and total comprehensive loss for the financial year | | – | (1,273,607) | (1,273,607) |
| Issuance of ordinary shares | 23 | 10,693 | – | 10,693 |
| Issuance of non-redeemable convertible preference shares | 23 | 486,800 | – | 486,800 |
| Issuance of ordinary shares pursuant to the call option | 23 | 381,901 | – | 381,901 |
| Issuance of ordinary shares pursuant to the conversion of non-redeemable convertible preference shares | 23 | 7,176,221 | – | 7,176,221 |
| Conversion of non-redeemable convertible preference shares | 23 | (7,176,221) | – | (7,176,221) |
| Issuance of ordinary shares pursuant to the Restructuring Exercise | 23 | 39,911,967 | – | 39,911,967 |
| **Balance at 30 June 2019** | | **47,490,345** | **(1,265,983)** | **46,224,362** |
| Issuance of ordinary shares at 11 January 2018 (date of incorporation) | 23 | 96 | – | 96 |
| Profit and total comprehensive income for the financial period | | – | 7,624 | 7,624 |
| Issuance of ordinary shares | 23 | 9,467 | – | 9,467 |
| Issuance of non-redeemable convertible preference shares | 23 | 6,823,294 | – | 6,823,294 |
| Capitalisation of share issue expenses | 23 | (133,873) | – | (133,873) |
| Balance at 30 June 2018 | | 6,698,984 | 7,624 | 6,706,608 |

The accompanying notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

| | Note | Group 2019 AUD | Group 2018 AUD |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Total profit before tax | | **4,300,362** | 5,525,170 |
| Adjustments for: | | | |
| Depreciation | | **2,365,052** | 1,516,953 |
| Amortisation | | **255,632** | 88,797 |
| Fair value gain on re-measurement of pre-existing interest in an associate | | **(73,266)** | – |
| Non-trade advances to related parties written off | | **–** | 68,000 |
| Interest income | | **(54,341)** | (26,152) |
| Interest expenses | | **206,738** | 122,321 |
| Gain on sale of a Group-owned store | | **–** | (617,095) |
| Property, plant and equipment written off | | **184,898** | 104,540 |
| Intangible assets written off | | **–** | 4,796 |
| Loss on disposal of property, plant and equipment | | **76** | – |
| Share of results from associates | | **–** | (7,508) |
| Unrealised exchange loss/(gain) | | **22,219** | (53,194) |
| Operating cash flow before working capital changes | | **7,207,370** | 6,726,628 |
| Inventories | | **(426,378)** | (275,596) |
| Receivables and contract assets | | **(1,770,685)** | (592,422) |
| Payables and contract liabilities | | **2,674,091** | 1,361,639 |
| Currency translation adjustments | | **(84,870)** | (27,196) |
| Cash generated from operations | | **7,599,528** | 7,193,053 |
| Income tax paid | | **(1,849,424)** | (1,586,778) |
| **Net cash generated from operating activities** | | **5,750,104** | 5,606,275 |
| **Cash flows from investing activities** | | | |
| Acquisition of subsidiaries, net of cash acquired | 13(b) | **(199,470)** | – |
| Purchases of property, plant and equipment | 11 | **(5,051,934)** | (4,141,171) |
| Purchases of intangible assets | 12(b) | **(886,010)** | (1,264,303) |
| Proceeds from disposal of property, plant and equipment | | **200** | – |
| Proceed from sale of a Group-owned store | | **–** | 912,000 |
| Acquisition of available-for-sale investment | | **–** | (110,000) |
| Capital contributions from non-controlling interests in subsidiaries | | **–** | 70,121 |
| Repayment from/(advances to) related parties | | **22,722** | (16,110) |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | | **30,000** | – |
| Interest received | | **54,341** | 26,152 |
| **Net cash used in investing activities** | | **(6,030,151)** | (4,523,311) |
| **Cash flows from financing activities** | | | |
| Capital contributions from shareholders for subsidiaries accounted for on common control basis | | **–** | 120,000 |
| Proceeds from borrowings | | **1,046,809** | 400,536 |
| Repayment of borrowings | | **(890,831)** | (611,414) |
| Advances from non-controlling interests/third parties | | **745,206** | – |
| Repayment to related parties/minority shareholders of the company | | **(1,872,932)** | (130,899) |
| Dividends paid to shareholders | | **(1,015,823)** | (1,081,000) |
| Dividends paid to non-controlling interests | | **(410,000)** | (500,000) |
| Interest paid | | **(206,738)** | (84,126) |
| Increase in fixed deposits pledged | | **(844,673)** | (392,608) |
| Acquisition of non-controlling interests in subsidiaries | | **–** | (158,819) |
| Capital contributions from non-controlling interests in subsidiaries | | **241,970** | – |
| Proceeds from issuance of ordinary shares | 23 | **–** | 9,960 |
| Proceeds from issuance of non-redeemable convertible preference shares, net of share issue expenses | 23 | **–** | 6,708,253 |
| Subscription money received in advance | | **–** | 486,800 |
| **Net cash (used in)/generated from financing activities** | | **(3,207,012)** | 4,766,683 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(3,487,059)** | 5,849,647 |
| Cash and cash equivalents at beginning of the financial year | | **7,428,815** | 1,558,609 |
| Effects of exchange rate changes on cash and cash equivalents | | **17,512** | 20,559 |
| **Cash and cash equivalents at end of the financial year** | | **3,959,268** | 7,428,815 |

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

| | Note | 2019 AUD | 2018 AUD |
|---|---|---|---|
| Cash and bank balances | 22 | **4,197,272** | 7,652,772 |
| Less: Bank overdrafts | 25 | **(238,004)** | (223,957) |
| Cash and cash equivalents per consolidated statement of cash flows | | **3,959,268** | 7,428,815 |

The accompanying notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 CORPORATE INFORMATION

ST Group Food Industries Holdings Pte. Ltd. (the "Company") (Co. Reg. No. 201801590R) was incorporated in Singapore on 11 January 2018 for the purpose of acquiring the existing companies pursuant to the Restructuring Exercise mentioned in Note 2 below. On 10 June 2019, the Company was converted into a public company limited by shares and changed its name to ST Group Food Industries Holdings Limited.

The registered office and principal place of business of the Company is at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries (collectively the "Group") are disclosed in Note 13 to the financial statements.

## 2 THE RESTRUCTURING EXERCISE

The Group undertook the transactions described below as part of a corporate reorganisation implemented in preparation for its listing on the Catalist Board of Singapore Exchange Securities Trading Limited (the "Restructuring Exercise").

### (a) Incorporation of the Company

The Company was incorporated on 11 January 2018 in Singapore with an issued and paid-up capital of SGD100 comprising 10,000 ordinary shares.

### (b) Issuance of shares in the Company

On 2 May and 12 July 2018, the Company issued an aggregate of 990,000 and an aggregate of 1,080,000 new shares respectively at SGD0.01 per share.

### (c) Acquisition of shares in PPR Ryde (NSW) Pty Ltd

On 3 August 2018, a subsidiary of the Group, Papparich Outlets Pty Ltd acquired 37% in the share capital of PPR Ryde (NSW) Pty Ltd for a cash consideration of AUD452,140.

### (d) Sub-division of shares in the Brand Holding Companies

On 6 August 2018, in preparation for the Lower Tier Restructuring (as described in paragraph (e) of this section), STG Food Industries Pty Ltd, STG Confectionery Pty Ltd, STG Food Industries 3 Pty Ltd, STG Beverage (NZ) Pty Ltd, STG Entertainment Pty Ltd and STG Confectionery 2 Pty Ltd (collectively, the "Brand Holding Companies") underwent a sub-division of all their respective shares.

### (e) Acquisition of Outlet Companies

Pursuant to the Lower Tier Share Sale Agreements dated on or about 10 September 2018 entered into between the shareholders of Oldtown QV (Aust) Pty Ltd, Delicious Foodcraft Pty Ltd, PPR Ryde (NSW) Pty Ltd, HBCT (Aust) Pty Ltd, JCT (Chadstone) Pty Ltd, HBCT (NSW) Pty Ltd, HBCT (WA) Pty Ltd, JCT (Doncaster) Pty Ltd, JCT Queensland Pty Ltd, Nene Chicken (Australia) Pty Ltd, NN MC Pty Ltd, NN BH Pty Ltd, GCHA (NZ) Pty Ltd, Idarts Australia Pty Ltd and Pafu Australia Pty Ltd (collectively, the "Outlet Companies") and certain subsidiaries of the Group, namely Papparich Outlets Pty Ltd, STG Confectionery Pty Ltd, HBCT Co Outlets Pty Ltd, STG Food Industries 3 Pty Ltd, Nene Chicken (Australia) Pty Ltd, STG Beverage (NZ) Pty Ltd, STG Entertainment Pty Ltd and STG Confectionery 2 Pty Ltd (collectively, the "Purchasing Subsidiaries"), the Purchasing Subsidiaries acquired the shareholding interests in the Outlet Companies ("Lower Tier Restructuring").

The purchase consideration for each acquisition was arrived at on a willing buyer willing seller basis taking into account an independent valuation of each Outlet Company as at 30 June 2018, and was satisfied through the allotment and issuance of shares in the relevant Brand Holding Company to the respective shareholders of the Outlet Companies. The aggregate consideration was AUD8,419,681.

Following the completion of the Lower Tier Restructuring on or about 10 September 2018, the Outlet Companies became wholly-owned subsidiaries of the Group.

### (f) Issuance of shares in GC (England) Pte. Ltd.

On 21 May 2019, GC (England) Pte. Ltd. issued an aggregate of 449,900 new shares at SGD1.00 per share, increasing the Group's equity interest from approximately 55% to 60%.

### (g) Sub-division of Shares of the Company

On 22 May 2019, in preparation for the Top Tier Restructuring (as described in paragraph (j) of this section), the Company underwent a sub-division of all issued shares in the capital of the Company from 2,080,000 shares into 10,483,200 shares.

### (h) Exercise of Call Options

#### *i Call options in NNC Food Industries Malaysia Sdn Bhd*

On 3 May 2018, Mr. Saw Tatt Ghee, entered into separate call option agreements with each of Mr. Joel Teh Yi Weng and Mr. Edwin Koh Wei Min whereunder each of the aforementioned shareholders had granted Mr. Saw Tatt Ghee a call option to purchase 25,000 shares, representing approximately 2.5% of the issued share capital of NNC Food Industries Malaysia Sdn Bhd which are each held by them ("Cash Consideration Call Options"). The aggregate consideration paid by Mr. Saw Tatt Ghee to Mr. Joel Teh Yi Weng and Mr. Edwin Koh Wei Min for the Cash Consideration Call Options was AUD20. Pursuant to the terms of the Cash Consideration Call Options, Mr. Saw Tatt Ghee or his nominee may exercise the call option by giving written notice, and the consideration payable in connection with such exercise is RM137,550 to be paid to each of Mr. Joel Teh Yi Weng and Mr. Edwin Koh Wei Min.

**2 THE RESTRUCTURING EXERCISE** (CONTINUED)

**(h) Exercise of Call Options** (Continued)

***i Call options in NNC Food Industries Malaysia Sdn Bhd*** (Continued)

In addition, on 3 May 2018, a subsidiary of the Group, STG Food Industries Malaysia Sdn Bhd entered into separate call option agreements with each of Mr. Lee Ji Yang, Mr. Joel Teh Yi Weng and Mr. Edwin Koh Wei Min ("NNC Malaysia Selling Shareholders") whereunder the NNC Malaysia Selling Shareholders had granted STG Food Industries Malaysia Sdn Bhd call options to purchase an aggregate of 100,000 shares held by them, representing approximately 10% of the issued share capital of NNC Food Industries Malaysia Sdn Bhd ("NNC Malaysia Call Options"). The aggregate consideration paid by STG Food Industries Malaysia Sdn Bhd to the NNC Malaysia Selling Shareholders for the NNC Malaysia Call Options was AUD30. Pursuant to the terms of the NNC Malaysia Call Options, STG Food Industries Malaysia Sdn Bhd may exercise the call option by giving written notice, and the consideration payable in connection with such exercise will be an aggregate of RM550,000.

The consideration payable in connection with the exercise of the Cash Consideration Call Options and NNC Malaysia Call Options was arrived at on a willing buyer willing seller basis, taking into account the potential growth and earnings of NNC Food Industries Malaysia Sdn Bhd and its subsidiaries.

***ii Call option in TGR Food Industries Sdn Bhd***

On 3 May 2018, STG Food Industries Malaysia Sdn Bhd entered into a call option agreement with RCC Capital Sdn Bhd ("RCC Capital") whereunder RCC Capital had granted STG Food Industries Malaysia Sdn Bhd a call option to purchase an aggregate of 120 shares held by RCC Capital, representing approximately 12% of the issued share capital of TGR Food Industries Sdn Bhd ("TGR Call Option"). The consideration paid by STG Food Industries Malaysia Sdn Bhd to RCC Capital for the TGR Call Option was AUD10. Pursuant to the terms of the TGR Call Option, STG Food Industries Malaysia Sdn Bhd may exercise the call option by giving written notice, and the consideration payable in connection with such exercise will be an aggregate of RM554,400.

The consideration payable in connection with the exercise of the TGR Call Option was arrived at on a willing buyer willing seller basis, taking into account the potential growth and earnings of TGR Food Industries Sdn Bhd and its subsidiaries.

***iii Exercise of the Cash Consideration Call Options***

On 12 June 2018, Mr. Saw Tatt Ghee exercised the Cash Consideration Call Options and nominated STG Food Industries Malaysia Sdn Bhd and a former employee of the Group, Mr. Chen Wui Keat, as the transferee of 10,000 shares and 40,000 shares respectively in NNC Food Industries Malaysia Sdn Bhd.

Following the completion of the transfer of shares from Mr. Joel Teh Yi Weng and Mr. Edwin Koh Wei Min, TGR Food Industries Sdn Bhd and STG Food Industries Malaysia Sdn Bhd held 84% and 1% respectively of the issued and paid-up share capital of NNC Food Industries Malaysia Sdn Bhd as at 30 June 2018.

***iv Exercise of the NNC Malaysia Call Options and the TGR Call Option***

On 15 May 2019, STG Food Industries Malaysia Sdn Bhd exercised the NNC Malaysia Call Options and the TGR Call Option for the purchase of shares in NNC Food Industries Malaysia Sdn Bhd and TGR Food Industries Sdn Bhd held by the NNC Malaysia Selling Shareholders and RCC Capital. In accordance with the terms of the NNC Malaysia Call Options and the TGR Call Option, the consideration payable to the NNC Malaysia Selling Shareholders and RCC Capital following the exercise of the NNC Malaysia Call Options and the TGR Call Option was satisfied by the allotment and issuance of 186,151 shares and 187,640 shares in the Company to the NNC Malaysia Selling Shareholders and RCC Capital respectively. The shares issued to the NNC Malaysia Selling Shareholders and RCC Capital represent in aggregate 0.5% of the share capital immediately after the placement and the issue of the Cornerstone Shares.

Following from the exercise of the Cash Consideration Call Options, the NNC Malaysia Call Options and the TGR Call Option, the Group's effective equity interest in NNC Food Industries Malaysia increased from approximately 43% to 64% and the Group's effective equity interest in TGR Food Industries Sdn Bhd increased from 51% to 63%.

**(i) Conversion of Preference Shares**

Pursuant to the subscription agreements entered into between the Company and the Pre-IPO Investors on 27 March 2018, 1 May 2018 and 21 May 2018, the Company agreed to issue an aggregate of 4,906,769 Series 1A non-redeemable convertible preference shares and 2,330,948 Series 1B non-redeemable convertible preference shares (the "Preference Shares") to the Pre-IPO Investors for an aggregate subscription amount of AUD7,310,094. On 2 May 2018, 13 June 2018 and 12 July 2018, the Company allotted the Preference Shares to the Pre-IPO Investors pursuant to the terms of the subscription agreements.

The Preference Shares do not carry any voting rights until after the completion of the Restructuring Exercise, whereupon each Preference Share shall be entitled to one (1) vote. Each Preference Share may be converted into 1.359017 shares, with the number of shares to be issued on conversion rounded down to the nearest whole number.

On 10 June 2019, 7,237,717 Preference Shares were converted into 9,836,174 shares pursuant to the terms of the subscription agreements.

**(j) Acquisition of shares of the Brand Holding Companies**

Pursuant to the Top Tier Share Sale Agreements dated on or about 11 September 2018 entered into between the shareholders of the Brand Holding Companies (which now included STG Food Industries 5 Pty Ltd and STG Food Industries Malaysia Sdn Bhd) and the Company, the Company acquired the entire issued and paid-up capital of each Brand Holding Company ("Top Tier Restructuring"). The purchase consideration for each acquisition was arrived at on a willing buyer willing seller basis taking into account an independent valuation of each Brand Holding Company as at 30 June 2018, and was satisfied through the allotment and issuance of an aggregate of 39,516,800 shares in the Company at AUD1.01 per share for an aggregate consideration of AUD40,000,000.

Following completion of the Top Tier Restructuring on 17 June 2019, the Brand Holding Companies became wholly-owned subsidiaries of the Company.

**(k) Share Split**

On 10 June 2019, the shareholders approved the sub-division of 60,209,965 shares in the capital of the Company into 209,000,000 Shares.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements of the Group are presented in Australian dollar ("AUD") except when otherwise indicated. The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgment in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within next financial year are disclosed in Note 3(w) to the financial statements.

The carrying amounts of cash and bank balances, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*New and revised standards*

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 July 2018. These financial statements for the year ended 30 June 2019 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 30 June 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 July 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)*.

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 30 June 2019. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group has also presented statement of financial position as at 1 July 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT do not have a material effect on the financial statements, except for SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

**A. SFRS(I)**

In adopting SFRS(I) in 2019, the Group has applied the transition requirements in SFRS(I) with 1 July 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application of SFRS(I) did not have any significant impact on the financial statements.

**B. SFRS(I) 15**

SFRS(I) 15 replaces FRS 18 *Revenue*, FRS 11 *Construction contracts* and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

The impact upon the adoption of SFRS(I) 15, including the corresponding tax effects, are described below.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Basis of preparation (Continued)

*New and revised standards* (Continued)

**B. SFRS(I) 15** (Continued)

*Presentation of contract assets and contract liabilities*

Upon adoption of SFRS(I) 15, the Group has changed the presentation of the following amounts:

(i) Due from customers for contract work-in-progress of AUD203,002 as at 1 July 2017 (30 June 2018: AUDNil) was reclassified to contract assets.

(ii) Deferred income classified as trade and other payables of AUD1,048,515 as at 30 June 2018 and AUD1,254,181 as at 1 July 2017 were reclassified to contract liabilities.

(iii) Due to customers for contract work-in-progress of AUD211,870 as at 30 June 2018 and AUD260,171 as at 1 July 2017 were reclassified to contract liabilities.

**C. SFRS(I) 9**

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 July 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. At the date of initial application and 30 June 2019, the Group has assessed that the adoption of SFRS(I) 9 does not have any significant impact to the financial position and results of the Group and the Company.

The impact upon adoption of SFRS(I) 9 as at 1 July 2018 was as follows:

*(a) Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify its financial assets based on entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 July 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest were made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables including trade and other receivables (excluding prepayments and GST receivables), restricted cash, cash and bank balances as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 July 2018; and
- Investment in unquoted equity shares classified as available-for-sale financial assets at cost as at 30 June 2018 are classified and measured as equity instrument designated at FVOCI beginning 1 July 2018. The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments on a long-term basis.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group and the Company's required or elected reclassifications as at 1 July 2018 upon adoption on SFRS(I) 9:

| | Original carrying amount | SFRS(I) 9 measurement category | |
|---|---|---|---|
| | | FVOCI | Amortised cost |
| | AUD | AUD | AUD |
| **Group** | | | |
| **FRS 39 measurement category** | | | |
| *Loans and receivables* | | | |
| Trade and other receivables | 3,732,126 | – | 3,732,126 |
| Restricted cash | 1,011,620 | – | 1,011,620 |
| Cash and bank balances | 7,652,772 | – | 7,652,772 |
| *Available-for-sale financial assets* | | | |
| – Unquoted equity investments | 110,150 | 110,150 | – |
| **Company** | | | |
| **FRS 39 measurement category** | | | |
| *Loans and receivables* | | | |
| Trade and other receivables | 2,464,414 | – | 2,464,414 |
| Cash and bank balances | 4,502,211 | – | 4,502,211 |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of preparation (Continued)

*New and revised standards* (Continued)

**C. SFRS(I) 9** (Continued)

*(b) Impairment*

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its financial assets at amortised cost, either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's and the Company's financial assets at amortised cost. The retained earnings remain unchanged as at 1 July 2018.

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 30 June 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as disclosed below.

***SFRS(I) 16 Leases***

SFRS(I) 16 replaces the existing FRS 17: *Leases*. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of assets and liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening accumulated losses as at 1 July 2019. Right-of-use assets will be recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of AUD27,978,685 (Note 29(b)). The Group expects to recognise right-of-use assets of approximately AUD23,755,000, lease liabilities of approximately AUD29,512,000 and deferred tax asset of approximately AUD558,000 on 1 July 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required in the financial statements upon adoption of the standard.

#### (b) Revenue recognition

*Food and beverage retails*

Food and beverage retails revenues comprised of retail sales of food and beverages through the Group-owned restaurants and stores. Revenue is recognised at the point of sale when the food and beverage have been served or delivered to customers, based on the food and beverage listed prices, net of discounts and goods and services tax. Payment of the transaction price is due immediately at the point the customer purchases the food and beverage or on credit terms where upon initial recognition of revenue, a receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due. No element of financing is deemed present as the consideration is repayable on demand.

*Supply chain*

Supply chain revenues are primarily comprised of sales of food and supplies to franchised restaurants and stores directly by the Group or through distributors. Revenue is recognised upon transfer of control over ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Payments are generally due within 30 to 120 days. No element of financing is deemed present as consideration is repayable on demand. Upon initial recognition of revenue, a receivable is recognised as the consideration is unconditional and only the passage of time is required before payment is due.

*Franchise fees and royalty income*

Franchise fees and royalty income, consisting primarily of royalties, initial and renewal franchise fees paid by franchisees.

Franchise fees are payable by the franchisee upon opening of a new restaurant or renewal of an existing franchise agreement, and are billed upon signing of the franchise agreement. Renewal franchisee fees are billed before the renewal date. Franchise fees received are recognised over the term of the related franchise agreement. The services the Group provides in exchange for these franchise fees, which primarily relate to granting of franchise right, providing information and advice to franchisees and carrying out inspections, are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Group provides to the franchisees. They do not contain separate and distinct performance obligations from the franchise right; thus, the fees collected will be amortised on a straight-line basis beginning at the store opening date through the term of the franchise agreement, which is consistent with the franchisee's right to use and benefit from the franchise right.

Franchise royalties are based on a percentage of gross sales at franchise restaurants and stores and are recognised as sales occur. Franchise royalties are billed on a monthly basis.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Revenue recognition (Continued)

*Project income*

Project income are derived from establishment of a restaurant or store and in connection with a restaurant or store renewal or renovation and other franchise related fees. Revenue from these sales is recognised based on the price specified in the contract.

Revenue from establishment and renovation services is recognised as performance obligations satisfied over time using input method, based on the stage of completion. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Revenue is recognised over time as the Group's performance creates a customer-controlled asset and it has enforceable right to payment for performance completed to date. The Group bills the customers in accordance with the terms of the contract. Customers are required to pay within 7 to 30 days from the invoice date. No element of financing is deemed present. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. A contract liability is recognised when the Group has not yet performed under the contract but receives advanced payments from the customer.

*Dartslive machine revenue*

Dartslive machine revenue represents net takings from game play. Revenue is reported after deduction of goods and services tax.

*Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

*Dividend income*

Dividend income is recognised when the right to receive payment is established.

### (c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### (d) Basis of preparation of financial statements

*Business combinations involving entities under common control*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method.

The financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

The combined financial statements of the Group were prepared by applying the pooling of interest method as the Restructuring Exercise as described in Note 2 is a legal reorganisation of entities under common control. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the completion of the Restructuring Exercise. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

– Assets and liabilities are reflected at their existing carrying amounts;

– No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;

– No additional goodwill is recognised as a result of the combination;

– Prior to the issue of shares by the Company in connection with the Restructuring Exercise, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and

– Upon the completion of the Restructuring Exercise, any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

*Business combinations using acquisition method*

Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**(d) Basis of preparation of financial statements** (Continued)

*Business combinations using acquisition method* (Continued)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 3(f) to the financial statements. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

**(e) Associated companies**

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated companies is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary or associated company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### (g) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

*Depreciation*

Depreciation is charged so as to allocate the depreciable amount of property, plant and equipment over their estimated useful lives, using the following methods and bases:

| | Depreciation rates | Depreciation method |
|---|---|---|
| Machinery and equipment | 15% – 40% | Diminishing balance |
| Furniture and fittings | 11.25% – 66.67% | Diminishing balance |
| Office equipment | 15% – 66.67% | Diminishing balance |
| Motor vehicles | 20% – 25% | Diminishing balance |
| Renovation | | |
| – Office and warehouse | 11.25% – 16.67% | Diminishing balance |
| – Restaurants and stores | Over the lease term | Straight-line |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### (h) Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

*Franchise rights*

Costs relating to master franchise fees paid are capitalised and amortised on a straight-line basis over the franchise period ranging from 5 to 30 years.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (j) Inventories

Inventories comprise raw materials and finished goods.

Inventories are valued at the lower of cost and net realisable value. Costs comprise purchase costs accounted for on a first-in, first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

#### (k) Leases

When a Group entity is the lessee:

*Finance leases*

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

*Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

When a Group entity is the lessor:

*Operating leases*

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

#### (l) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (l) Income taxes (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

### (m) Financial assets

The accounting policy for financial assets before 1 July 2018 is as follows:

***Classification***

The Group classifies its financial assets according to the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The Group's financial assets are loans and receivables and available-for-sale.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding GST receivables and prepayments), "restricted cash" and "cash and bank balances" on the statements of financial position.

*Financial assets, available-for-sale*

Financial assets, available-for-sale include equity securities that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the reporting date.

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

***Initial measurement***

Financial assets are initially recognised at fair value plus transaction costs.

***Subsequent measurement***

Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measurable, are measured at cost less impairment loss. Loans and receivables are carried at amortised cost using the effective interest method, less impairment.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

***Impairment***

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

*Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**(m) Financial assets** (Continued)

The accounting policy for financial assets before 1 July 2018 is as follows: (Continued)

***Impairment*** (Continued)

*Financial assets, available-for-sale*

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

The accounting policy for financial assets from 1 July 2018 onwards is as follows:

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for the financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are sole payments of principal and interest ("SPPI") on the principal outstanding. This assessment is referred to as SPPI test and is performed at an instrument level.

***Subsequent measurement***

*(a) Debt instruments*

Debt instruments include cash and bank balances, trade and other receivables (excluding prepayments and GST receivables) and restricted cash. These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristic of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

**(m) Financial assets** (Continued)

The accounting policy for financial assets from 1 July 2018 onwards is as follows: (Continued)

***Subsequent measurement*** (Continued)

*(b) Equity instruments*

For equity investments which are not held for trading or not a contingent consideration recognised by an acquirer in a business combination, the Group may make an irrevocable election (on an investment by investment basis) to designate equity investments as at FVOCI.

The Group has designated all of its equity investments that are not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

***Impairment***

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

***Offset***

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**(n) Cash and cash equivalents**

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits. Bank overdrafts are presented as current borrowings on the statements of financial position.

**(o) Financial liabilities**

Financial liabilities include trade and other payables and borrowings. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

**(p) Share capital**

*Ordinary shares*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

*Preference share capital*

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Company's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends which are non-discretionary thereon are recognised as interest expense in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

#### (r) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

#### (s) Employee benefits

*Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

*Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

#### (t) Foreign currencies

*Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, Australia, which is the Group's principal place of business and operations. Australian dollar ("AUD") is the currency that mainly influences sales prices for goods and services, labour, material and other costs of providing goods or services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services for Australia entities. Therefore, the management has determined that AUD is the functional currency for the Australia entities in the Group. In view of the increased financial reliance of the Company on the operations of its Australia entities, the management also determined that AUD is the functional currency of the Company. The financial statements of the Group are presented in Australian dollar, which is the Company's functional currency.

*Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency transaction reserve within equity in the combined financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

*Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the date of the statements of financial position;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

### (v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### (w) Critical accounting judgements and key sources of estimation uncertainty

**Critical judgements in applying the entity's accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the preceding paragraphs).

***Control over Papparich Australia Pty Ltd***

Management has assessed and concluded that Papparich Australia Pty Ltd is a subsidiary of the Group even though the Group owns 50% ownership interest in Papparich Australia Pty Ltd on the basis that the Group has the ability to direct and control the relevant activities of Papparich Australia Pty Ltd including but are not limited to operating, financing and investing activities. Accordingly, the Group has accounted for this investment as its subsidiary and consolidated the subsidiary's financial statements into the Group.

**Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

*Impairment of non-financial assets (other than goodwill and other indefinite-life intangible assets)*

At each reporting date, the Group assesses whether there are any indications of impairment for all non-financial assets. The Group also assesses whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the Group estimates the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's property, plant and equipment are disclosed in Note 11 to the financial statements.

*Purchase price allocation*

As disclosed in Note 13 to the financial statements, the Group acquired 100% of the issued share capital of a subsidiary, PPR Ryde (NSW) Pty Ltd and the remaining 68% equity interest in JCT (Chadstone) Pty Ltd during the financial year. Upon the acquisition, JCT (Chadstone) Pty Ltd became a wholly owned subsidiary of the Group. The Group recognised the identifiable assets and liabilities of PPR Ryde (NSW) Pty Ltd and JCT (Chadstone) Pty Ltd at their fair values at the date of acquisition. The Group performed the purchase price allocation exercise internally. The measurement of the acquired assets and liabilities at fair value is inherently judgmental and require management's estimation.

*Impairment assessment of goodwill*

Management performs an annual impairment assessment of goodwill. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use for the purposes of the impairment assessment.

Forecasting and discounting future cash flows for the impairment assessment involves an element of judgement and requires management to make certain assumptions and apply estimates. Details of the impairment assessment and the carrying value of the Group's goodwill at the end of the reporting period is disclosed in Note 12 to the financial statements. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

*Calculation of allowance for impairment for financial assets at amortised cost*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amount of trade and other receivables. Details of ECL measurement and carrying amount of trade and other receivables at reporting date are disclosed in Note 30.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 4 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by major sources of revenue and timing of revenue recognition.

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Food and beverage retails | **35,048,949** | 23,664,799 |
| Supply chain | **9,504,595** | 7,882,307 |
| Franchise | | |
| – Franchise fees and royalty income | **3,553,698** | 3,307,818 |
| – Project income | **3,555,701** | 1,215,525 |
| Others – Dartslive machine revenue | **481,746** | 408,141 |
| | **52,144,689** | 36,478,590 |
| *Timing of revenue recognition* | | |
| At a point in time | **45,035,290** | 31,955,247 |
| Over time | **7,109,399** | 4,523,343 |
| | **52,144,689** | 36,478,590 |
| **Revenue recognised during the financial year from:** | | |
| Amounts included in contract liability at the beginning of the financial year | **653,475** | 949,655 |

**Transaction price allocated to the remaining performance obligations**

The table below discloses revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date:

| | **Franchise fees AUD** |
|---|---|
| 2020 | 487,513 |
| 2021 | 434,625 |
| 2022 | 357,620 |
| 2023 | 245,331 |
| 2024 | 88,804 |
| Thereafter | 32,396 |
| **Total** | **1,646,289** |

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less:

### 5 OTHER INCOME

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Management fees | | |
| – related parties (Note 28) | **75,212** | 244,391 |
| – third parties | **1,296** | 21,000 |
| Interest income | | |
| – bank | **54,341** | 26,152 |
| Fair value gain on re-measurement of pre-existing equity interest in an associate (Note 13(b)) | **73,266** | – |
| Rental income | | |
| – related parties (Note 28) | **–** | 9,780 |
| – third parties | **231,232** | 34,708 |
| Gain on sale of a Group-owned store | **–** | 617,095 |
| Rebates from suppliers | **891,088** | 730,786 |
| Training income | | |
| – related parties (Note 28) | **–** | 18,965 |
| – third parties | **5,000** | 8,590 |
| Miscellaneous income | **126,436** | 69,115 |
| | **1,457,871** | 1,780,582 |

## 6 STAFF COSTS

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **AUD** | **AUD** |
| Wages and salaries | **14,494,844** | 9,928,744 |
| Contributions to defined contribution plan | **1,212,468** | 827,189 |
| Other benefits | **621,165** | 395,580 |
| | **16,328,477** | 11,151,513 |

## 7 FINANCE COSTS

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **AUD** | **AUD** |
| Interest expense | | |
| – finance leases | **82,960** | 57,563 |
| – bank loans | **80,727** | 56,414 |
| – others | **43,051** | 8,344 |
| | **206,738** | 122,321 |

## 8 OTHER EXPENSES

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **AUD** | **AUD** |
| Included in other expenses are: | | |
| Audit fees payable/paid to: | | |
| – auditor of the Company | **60,000** | – |
| – other auditors* | **258,478** | 427,138 |
| Fees for non-audit services payable/paid to: | | |
| – auditor of the Company# | **164,941** | – |
| – other auditors*# | **452,418** | 48,000 |
| Accounting fee | **111,092** | 83,819 |
| Advertising and marketing expense | **450,257** | 353,878 |
| Bank merchant fee | **154,767** | 54,086 |
| Cleaning expenses | **347,209** | 164,653 |
| Consultancy and legal fees | **139,528** | 228,643 |
| Foreign exchange gain | **(42,345)** | (14,691) |
| Insurance expenses | **187,203** | 158,712 |
| Warehouse, office and outlet supplies | **348,558** | 260,071 |
| Management fee expense | **638,907** | 957,419 |
| Network service fees | **149,514** | 145,038 |
| Non-trade advances to related parties written off (Note 28) | **–** | 68,000 |
| Property, plant and equipment written off (Note 11) | **184,898** | 104,540 |
| Intangible assets written off (Note 12) | **–** | 4,796 |

# FY2019 amounts are included in "IPO expenses" presented in the consolidated statement of comprehensive income.

* Includes independent member firms of the Baker Tilly International network.

## 9 TAX EXPENSE

| | Group | |
|---|---|---|
| | **2019** | **2018** |
| | **AUD** | **AUD** |
| Tax expense attributable to profits is made up of: | | |
| Current year | | |
| – Income tax | **2,606,302** | 2,059,958 |
| – Deferred tax | **(1,153,862)** | (342,265) |
| Under/(over) provision in respect of previous financial year | | |
| – Income tax | **69,977** | (110,870) |
| – Deferred tax | **(218,889)** | – |
| Withholding tax | **10,140** | – |
| | **1,313,668** | 1,606,823 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 9 TAX EXPENSE (CONTINUED)

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Australia statutory rate of income tax due to the following factors:

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Profit before tax | **4,300,362** | 5,525,170 |
| Tax calculated at a tax rate of 30% (2018: 30%) | **1,290,109** | 1,657,551 |
| Effect of different tax rates in other countries | **(21,959)** | (21,810) |
| Expenses not deductible for tax purposes | **146,275** | 81,902 |
| Under/(over) provision of income tax in previous year | **69,977** | (110,870) |
| Over provision of deferred tax in previous year | **(218,889)** | – |
| Withholding tax | **10,140** | – |
| Others | **38,015** | 50 |
| | **1,313,668** | 1,606,823 |

### 10 EARNINGS PER SHARE

The calculation of the earnings per share attributable to the ordinary owners of the Company is based on the following data:

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Profit attributable to equity holders of the Company | **1,953,979** | 2,728,113 |
| Number of ordinary shares | **246,000,000** | 246,000,000 |
| Earnings per share (cents per share) – Basic and diluted | **0.79** | 1.11 |

The earnings per share for the respective financial years have been computed based on the net profit attributable to equity holders of the Company and the Company's enlarged share capital of 246,000,000 shares, which assumed the sub-division and issue of shares pursuant to the IPO had been completed as at the end of the respective financial years.

The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

### 11 PROPERTY, PLANT AND EQUIPMENT

| | **Machinery and equipment AUD** | **Furniture and fittings AUD** | **Office equipment AUD** | **Motor vehicles AUD** | **Renovation AUD** | **Total AUD** |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2019** | | | | | | |
| **Cost** | | | | | | |
| At 1 July 2018 | 3,762,746 | 3,490,634 | 294,313 | 133,862 | 5,780,650 | 13,462,205 |
| Additions | 1,211,020 | 992,361 | 37,594 | 72,752 | 3,130,257 | 5,443,984 |
| Acquisition of subsidiaries | 22,514 | – | 5,277 | 5,146 | 791,017 | 823,954 |
| Reclassification | (16,031) | (314,995) | – | – | 304,156 | (26,870) |
| Write-off | (16,764) | – | – | (3,640) | (237,357) | (257,761) |
| Disposal | (360) | – | – | – | – | (360) |
| Currency translation differences | 20,908 | 3,112 | 625 | 1,076 | 68,368 | 94,089 |
| At 30 June 2019 | **4,984,033** | **4,171,112** | **337,809** | **209,196** | **9,837,091** | **19,539,241** |
| **Accumulated depreciation** | | | | | | |
| At 1 July 2018 | 1,414,010 | 673,672 | 158,691 | 42,182 | 1,236,615 | 3,525,170 |
| Depreciation charge | 602,459 | 457,460 | 36,178 | 26,986 | 1,241,969 | 2,365,052 |
| Reclassification | (9,846) | (19,791) | 442 | – | 18,596 | (10,599) |
| Write-off | (8,842) | – | – | (1,738) | (62,283) | (72,863) |
| Disposal | (84) | – | – | – | – | (84) |
| Currency translation differences | 4,377 | 428 | 143 | 178 | 10,143 | 15,269 |
| At 30 June 2019 | **2,002,074** | **1,111,769** | **195,454** | **67,608** | **2,445,040** | **5,821,945** |
| **Net carrying value** | | | | | | |
| At 30 June 2019 | **2,981,959** | **3,059,343** | **142,355** | **141,588** | **7,392,051** | **13,717,296** |

## 11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | Machinery and equipment AUD | Furniture and fittings AUD | Office equipment AUD | Motor vehicles AUD | Renovation AUD | Total AUD |
|---|---|---|---|---|---|---|
| Group | | | | | | |
| 2018 | | | | | | |
| Cost | | | | | | |
| At 1 July 2017 | 2,940,269 | 1,888,037 | 273,916 | 66,462 | 4,430,854 | 9,599,538 |
| Additions | 1,073,371 | 2,107,076 | 20,580 | 66,961 | 1,620,309 | 4,888,297 |
| Disposal of a Group-owned store | (157,982) | – | – | – | (269,737) | (427,719) |
| Write-off | (101,508) | (507,863) | (453) | – | – | (609,824) |
| Currency translation differences | 8,596 | 3,384 | 270 | 439 | (776) | 11,913 |
| At 30 June 2018 | 3,762,746 | 3,490,634 | 294,313 | 133,862 | 5,780,650 | 13,462,205 |
| Accumulated depreciation | | | | | | |
| At 1 July 2017 | 1,071,798 | 783,793 | 126,165 | 30,135 | 635,319 | 2,647,210 |
| Depreciation charge | 469,751 | 317,629 | 32,918 | 12,019 | 684,636 | 1,516,953 |
| Disposal of a Group-owned store | (50,514) | – | – | – | (82,300) | (132,814) |
| Write-off | (76,893) | (427,938) | (453) | – | – | (505,284) |
| Currency translation differences | (132) | 188 | 61 | 28 | (1,040) | (895) |
| At 30 June 2018 | 1,414,010 | 673,672 | 158,691 | 42,182 | 1,236,615 | 3,525,170 |
| Net carrying value | | | | | | |
| At 1 July 2017 | 1,868,471 | 1,104,244 | 147,751 | 36,327 | 3,795,535 | 6,952,328 |
| At 30 June 2018 | 2,348,736 | 2,816,962 | 135,622 | 91,680 | 4,544,035 | 9,937,035 |

(a) During the year, the Group acquired property, plant and equipment with an aggregate cost of AUD5,443,984 (2018: AUD4,888,297) of which AUD392,050 (2018: AUD747,126) was acquired by means of finance lease. Cash payments of AUD5,051,934 (2018: AUD4,141,171) were made to purchase property, plant and equipment.

The net carrying value of property, plant and equipment held under finance lease agreements at the end of the reporting period was AUD1,539,529 (30 June 2018: AUD1,386,810; 1 July 2017: AUD1,011,625) (Note 25).

(b) Bank loans and overdrafts are secured on property, plant and equipment of the Group with a net carrying value of AUD9,814,272 (30 June 2018: AUD7,252,993; 1 July 2017: AUD5,167,467) (Note 25).

## 12 INTANGIBLE ASSETS

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Goodwill arising on business combination (Note (a)) | **945,937** | – | – |
| Franchise rights (Note (b)) | **2,595,439** | 1,965,615 | 790,435 |
| | **3,541,376** | 1,965,615 | 790,435 |

### (a) Goodwill arising on business combinations

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| **Cost** | | | |
| At beginning of year | **–** | – | – |
| Acquisition of subsidiaries | **945,937** | – | – |
| **Net carrying value at end of year** | **945,937** | – | – |

*Impairment test for goodwill*

Goodwill acquired in business combinations is allocated, to the cash generating units ("CGUs") that are expected to benefit from that business combinations. The carrying value of goodwill has been allocated as follows:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Food and beverage retails | | | |
| – PPR Ryde (NSW) Pty Ltd | **725,783** | – | – |
| – JCT (Chadstone) Pty Ltd | **220,154** | – | – |
| | **945,937** | – | – |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 12 INTANGIBLE ASSETS (CONTINUED)

#### (a) Goodwill arising on business combinations (Continued)

*Key assumptions used in value-in-use calculation*

The recoverable amounts of the CGUs are based on their value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing operation of the CGUs. The key assumptions used in the estimation of value in use were as follows:

| | PPR Ryde (NSW) Pty Ltd | JCT (Chadstone) Pty Ltd |
|---|---|---|
| Forecast revenue growth | 8% growth from year 2019 in year 2020 and 0% growth thereafter | 0%* growth from year 2019 and stay constant thereafter |
| Terminal value growth rate | 2% | 2% |
| Discount rate | 16% | 16% |

* Based on annualised revenue generated in June 2019.

The Group's value in use calculations used cash flow forecasts covering a five years period. Forecast revenue for the next five years was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and which is adjusted for the risks specific to the CGUs.

*Sensitivity to changes in assumptions*

With regards to the assessment of value in use of PPR Ryde (New) Pty Ltd, if the estimated revenue growth rate used had been 1% lower than management's estimates, the Group would have to recognise impairment charge on goodwill.

For JCT (Chadstone) Pty Ltd, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

#### (b) Franchise rights

| | | Group | |
|---|---|---|---|
| | **30.6.2019** | **30.6.2018** | **1.7.2017** |
| | **AUD** | **AUD** | **AUD** |
| **Cost** | | | |
| At beginning of year | **2,198,423** | 933,896 | 443,477 |
| Additions | **886,010** | 1,264,303 | 490,419 |
| Write-off | **–** | (4,796) | – |
| Currency translation differences | **2,855** | 5,020 | – |
| At end of year | **3,087,288** | 2,198,423 | 933,896 |
| **Accumulated amortisation** | | | |
| At beginning of year | **232,808** | 143,461 | 85,203 |
| Amortisation charge for the year | **255,632** | 88,797 | 58,258 |
| Currency translation differences | **3,409** | 550 | – |
| At end of year | **491,849** | 232,808 | 143,461 |
| **Net carrying value** | **2,595,439** | 1,965,615 | 790,435 |

Franchise rights have remaining useful lives of 3 to 29 years (30 June 2018: 4 to 16 years; 1 July 2017: 5 to 17 years) as at respective end of the reporting periods.

### 13 INVESTMENT IN SUBSIDIARIES

| | | Company | |
|---|---|---|---|
| | **30.6.2019** | **30.6.2018** | **1.7.2017** |
| | **AUD** | **AUD** | **AUD** |
| **Unquoted equity shares, at cost** | | | |
| Balance at beginning of the financial year | **–** | – | – |
| Pursuant to the Restructuring Exercise | **39,911,967** | – | – |
| Incorporation of subsidiary | **283,963** | – | – |
| Balance at end of the financial year | **40,195,930** | – | – |

## 13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal business activities | Effective equity interest of the Company | | |
|---|---|---|---|---|---|
| | | | 30.6.2019 | 30.6.2018 | 1.7.2017 |
| | | | % | % | % |
| Subsidiaries held by the Company | | | | | |
| STG Food Industries Pty Ltd[2] | Australia | Investment holding | **100** | 100 | 100 |
| STG Confectionery Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| STG Food Industries 3 Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| STG Food Industries Malaysia Sdn Bhd[4] | Malaysia | Investment holding | **100** | 100 | 100 |
| STG Food Industries 5 Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| STG Beverage (NZ) Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| STG Entertainment Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| STG Confectionery 2 Pty Ltd[3] | Australia | Investment holding | **100** | 100 | – |
| GC (England) Pte. Ltd.[1][5] | Singapore | Investment holding | **60** | 55 | – |
| Subsidiaries held by STG Food Industries Pty Ltd | | | | | |
| Papparich Australia Pty Ltd[2] | Australia | Trading and management of sub-franchisees | **50** | 50 | 50 |
| Papparich Outlets Pty Ltd[2][5] | Australia | Investment holding | **100** | 100 | – |
| Subsidiaries held by Papparich Australia Pty Ltd | | | | | |
| Papparich Central (Melbourne) Pty Ltd[2] | Australia | Processing, sale and distribution of foods and supplies | **50** | 50 | 50 |
| PPR Co Outlet Pty Ltd[2] | Australia | Operator of restaurants | **50** | 50 | 50 |
| Malaysian Fine Foods Pty Ltd[2] | Australia | Operator of restaurants | **50** | 50 | – |
| PPR UEXP Pty Ltd[2][10] | Australia | Operator of restaurants | **50** | – | – |
| Subsidiary held by PPR Co Outlet Pty Ltd | | | | | |
| Delicious Foodcraft Pty Ltd[2][7] | Australia | Operator of restaurants | **10** | 10 | 15 |
| Subsidiaries held by Papparich Outlets Pty Ltd | | | | | |
| Delicious Foodcraft Pty Ltd[2][7] | Australia | Operator of restaurants | **80** | 80 | 80 |
| Oldtown QV (Aust) Pty Ltd[2] | Australia | Operator of restaurants | **100** | 100 | 100 |
| PPR Ryde (NSW) Pty Ltd[2][8] | Australia | Operator of restaurants | **100** | – | – |
| Subsidiary held by STG Confectionery Pty Ltd | | | | | |
| HBCT (Aust) Pty Ltd[3] | Australia | Trading and management of sub-franchisees | **100** | 100 | 92 |
| Subsidiaries held by HBCT (Aust) Pty Ltd | | | | | |
| HBCT Marketing Pty Ltd[3] | Australia | Management of marketing funds | **100** | 100 | 92 |
| HBCT Co Outlets Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 92 |
| Subsidiaries held by HBCT Co Outlets Pty Ltd | | | | | |
| HBCT (NSW) Co Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 96 |
| HBCT (WA) Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 87 |
| JCT (Doncaster) Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 96 |
| JCT (ACT) Pty Ltd[3] | Australia | Dormant | **100** | 100 | – |
| JCT (Chadstone) Pty Ltd[3][9] | Australia | Operator of food and beverage outlets | **100** | 32 | 32 |
| JCT Queensland Pty Ltd[3][6] | Australia | Operator of food and beverage outlets | **100** | 100 | – |
| Subsidiary held by STG Food Industries 3 Pty Ltd | | | | | |
| NeNe Chicken (Australia) Pty Ltd[3] | Australia | Trading and management of sub-franchisees | **100** | 100 | 95 |
| Subsidiaries held by NeNe Chicken (Australia) Pty Ltd | | | | | |
| NN MC Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 81 |
| NN BH Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | 81 |
| Subsidiaries held by STG Food Industries Malaysia Sdn Bhd | | | | | |
| TGR Food Industries Sdn. Bhd.[4] | Malaysia | Investment holding | **63** | 51 | 51 |
| NNC Food Industries Malaysia Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **11** | – | – |
| Subsidiary held by TGR Food Industries Sdn Bhd | | | | | |
| NNC Food Industries Malaysia Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **53** | 43 | – |
| Subsidiary held by NNC Food Industries Malaysia Sdn. Bhd. | | | | | |
| NNC F&B Restaurants Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **53** | 43 | – |
| Subsidiaries held by NNC F&B Restaurants Sdn Bhd | | | | | |
| NNC Restaurants Damansara Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **45** | 30 | – |
| NNC Food City Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **51** | 43 | – |
| NNC Food Avenue Sdn. Bhd.[4] | Malaysia | Operator of restaurants | **45** | 43 | – |

## NOTES TO THE FINANCIAL STATEMENTS
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### 13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

| Name of subsidiary | Country of incorporation | Principal business activities | Effective equity interest of the Company 30.6.2019 % | 30.6.2018 % | 1.7.2017 % |
|---|---|---|---|---|---|
| Subsidiaries held by STG Food Industries 5 Pty Ltd | | | | | |
| IPR (WA) Pty Ltd[3] | Australia | Operator of food and beverage outlets | **51** | 51 | 51 |
| IPR (NZ) Pty Ltd[3][5] | New Zealand | Dormant | **65** | 51 | – |
| Subsidiary held by STG Beverage (NZ) Pty Ltd | | | | | |
| GCHA (NZ) Pty Ltd[3] | Australia | Investment holding | **100** | 100 | 100 |
| Subsidiary held by GCHA (NZ) Pty Ltd | | | | | |
| Gongcha Limited[3] | New Zealand | Operator of food and beverage outlets | **100** | 100 | 100 |
| Subsidiary held by Gongcha Limited | | | | | |
| JCT Auckland Limited[3] | New Zealand | Operator of food and beverage outlets | **100** | 100 | 100 |
| Subsidiary held by STG Entertainment Pty Ltd | | | | | |
| iDarts Australia Pty Ltd[3] | Australia | Trading and management of sub-franchisees | **100** | 100 | 85 |
| Subsidiaries held by iDarts Australia Pty Ltd | | | | | |
| BPC Australia Pty Ltd[3] | Australia | Trading and management of sub-franchisees | **55** | 55 | 55 |
| Dartslive Australia Pty Ltd[3] | Australia | Dormant | **100** | 100 | 100 |
| Subsidiaries held by STG Confectionery 2 Pty Ltd | | | | | |
| Pafu Australia Pty Ltd[3] | Australia | Trading and management of sub-franchisees | **100** | 100 | – |
| Pafu IP Holdings Pte. Ltd.[13] | Singapore | Investment holding | **83** | 83 | – |
| Subsidiary held by Pafu Australia Pty Ltd | | | | | |
| Pafu Co Outlets Pty Ltd[3] | Australia | Operator of food and beverage outlets | **100** | 100 | – |
| Subsidiary held by GC (England) Pte. Ltd. | | | | | |
| Gong Cha England Limited[11][13] | United Kingdom | Trading and management of sub-franchisees | **60** | – | – |
| Subsidiary held by Gong Cha England Limited | | | | | |
| Gong Cha England Outlets Limited[12][13] | United Kingdom | Operator of food and beverage outlets | **60** | – | – |

(1) Audited by Baker Tilly TFW LLP

(2) Audited by Crowe Australasia in Australia for the purpose of preparation of the Group's consolidated financial statements

(3) Audited by independent member firm of Baker Tilly International in Australia for the purpose of preparation of the Group's consolidated financial statements

(4) Audited by independent member firm of Baker Tilly International in Malaysia for the purpose of preparation of the Group's consolidated financial statements

(5) Incorporated on 26 June 2018

(6) Incorporated on 18 August 2017

(7) Restructuring was completed on 10 September 2018 and it becomes a 80% owned subsidiary of Papparich Outlets Pty Ltd

(8) Acquired on 10 September 2018

(9) The Groups holds 32% ownership interest in 2018 and accounts for it as an associate (Note 14)

(10) Incorporated on 23 November 2018

(11) Incorporated on 6 August 2018

(12) Incorporated on 8 August 2018

(13) Not required to be audited in the country of incorporation

For the financial year ended 30 June 2018, the financial results of the subsidiaries were combined with the Company on the basis that the Group is a continuation of the existing businesses of the subsidiaries under common control.

## 13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (a) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that have NCI that are considered by management to be material to the Group:

| Name of subsidiary | Principal place of business/ Country of incorporation | Ownership interests held by NCI | | |
|---|---|---|---|---|
| | | 30.6.2019 % | 30.6.2018 % | 1.7.2017 % |
| Papparich Australia Pty Ltd | Australia | **50** | 50 | 50 |

The following are the summarised financial information of the Group's subsidiary with NCI that is considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

*Summarised Consolidated Statements of Financial Position*

| | Papparich Australia Pty Ltd | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Non-current assets | **5,481,101** | 4,285,461 | 3,179,656 |
| Current assets | **4,059,789** | 3,993,818 | 3,816,687 |
| Non-current liabilities | **(1,052,356)** | (594,409) | (632,057) |
| Current liabilities | **(3,039,826)** | (3,455,240) | (3,714,612) |
| **Net assets** | **5,448,708** | 4,229,630 | 2,649,674 |
| **Net asset attributable to NCI** | **2,800,594** | 2,148,362 | 1,422,605 |

*Summarised Consolidated Statements of Comprehensive Income*

| | Papparich Australia Pty Ltd | |
|---|---|---|
| | 2019 AUD | 2018 AUD |
| Revenue | **16,309,813** | 13,524,041 |
| Profit before tax | **2,794,006** | 3,512,590 |
| Income tax expense | **(774,928)** | (968,492) |
| **Profit and total comprehensive income** | **2,019,078** | 2,544,098 |
| **Profit allocated to NCI** | **1,009,540** | 1,290,948 |
| **Dividends paid to NCI** | **400,000** | 500,000 |

*Summarised Cash Flows*

| | Papparich Australia Pty Ltd | |
|---|---|---|
| | 2019 AUD | 2018 AUD |
| Cash flows from operating activities | **2,284,164** | 1,651,741 |
| Cash flows used in investing activities | **(2,020,500)** | (28,619) |
| Cash flows used in financing activities | **(52,502)** | (1,403,251) |
| Net increase in cash and cash equivalents | **211,162** | 219,871 |

### (b) Acquisition of subsidiaries

***Acquisition of PPR Ryde (NSW) Pty Ltd***

On 3 August 2018 and 10 September 2018, the Group's subsidiary, Papparich Outlets Pty Ltd acquired 37% and 63% respectively of the issued share capital of PPR Ryde (NSW) Pty Ltd ("PPR Ryde") for AUD1,223,113. The Group acquired PPR Ryde in order to enhance the scale of the Group's existing networks in Australia and to add geographical diversification to new regions.

*Acquisition-date consideration transferred*

| | AUD |
|---|---|
| Cash paid | 452,140 |
| Non-cash consideration | 770,973 |
| Total consideration transferred | 1,223,113 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**13 INVESTMENT IN SUBSIDIARIES** (CONTINUED)

**(b) Acquisition of subsidiaries** (Continued)

***Acquisition of PPR Ryde (NSW) Pty Ltd*** *(Continued)*

*Fair values of identifiable assets and liabilities of subsidiary at acquisition date*

| | AUD |
|---|---|
| Property, plant and equipment | 656,841 |
| Deferred tax assets | 31,967 |
| Inventories | 16,988 |
| Trade and other receivables | 23,866 |
| Cash and cash equivalents | 199,214 |
| Trade and other payables | (293,969) |
| Tax payables | (137,577) |
| Total identifiable net assets at fair value | 497,330 |
| Goodwill (Note 12(a)) | 725,783 |
| Total consideration transferred | 1,223,113 |

*Effect on cash flows of the Group*

| | AUD |
|---|---|
| Total consideration for 100% equity interest acquired | 1,223,113 |
| Less: Non-cash consideration[1] | (770,973) |
| Consideration settled in cash | 452,140 |
| Less: Cash and cash equivalents of subsidiary acquired | (199,214) |
| Net cash outflow on acquisition | 252,926 |

(1) The non-cash consideration for the acquisition was determined in the form of 1,091 issued and paid-up ordinary shares of STG Food Industries Pty Ltd ("STGFI") at AUD706.67 per share, representing the fair value of the equity of STGFI measured using the market approach based on maintainable earnings at a multiple derived from mergers and acquisition data. In using the mergers and acquisition data, a review was undertaken of recent transactions of market comparable businesses from which the implied earnings multiples are calculated. The estimate is adjusted for the net debt and non-controlling interest's share of STGFI group. The fair value is in Level 3 of the fair value hierarchy.

*Goodwill*

The goodwill arising from the acquisition of AUD725,783 is attributable to additional and recurring revenue streams expected from the acquisition of PPR Ryde.

*Revenue and profit contribution*

The acquired subsidiary contributed revenues of AUD2,606,670 and net profit of AUD23,671 to the Group for the period from 10 September 2018 to 30 June 2019. If the acquisition had occurred on 1 July 2018, the Group revenue would have been AUD52,808,991 and total profit would have been AUD2,989,360.

***Acquisition of JCT (Chadstone) Pty Ltd***

On 10 September 2018, the Group's subsidiary, HBCT Co Outlets Pty Ltd acquired an additional 68% equity interest in its 32% owned associate, JCT (Chadstone) Pty Ltd ("JCT Chadstone"). Upon the acquisition, JCT (Chadstone) became a subsidiary of the Group.

The Group has acquired JCT (Chadstone) in order to enhance the scale of the Group's existing networks in Australia.

*Acquisition-date consideration transferred*

| | AUD |
|---|---|
| Non-cash consideration transferred | 200,883 |

*Fair values of identifiable assets and liabilities of subsidiary at acquisition date*

| | AUD |
|---|---|
| Property, plant and equipment | 167,113 |
| Deferred tax asset | 10,394 |
| Inventories | 4,281 |
| Trade and other receivables | 1,051 |
| Cash and cash equivalents | 53,456 |
| Borrowings | (27,579) |
| Trade and other payables | (49,018) |
| Tax payables | (84,436) |
| Total identifiable net assets at fair value | 75,262 |
| Goodwill (Note 12(a)) | 220,154 |
| Fair value remeasurement on previously held 32% interest (Note 14) | (94,533) |
| Total consideration transferred | 200,883 |

## 13 INVESTMENT IN SUBSIDIARIES (CONTINUED)

### (b) Acquisition of subsidiaries (Continued)

***Acquisition of JCT (Chadstone) Pty Ltd*** *(Continued)*

*Effect on cash flows of the Group*

| | AUD |
|---|---|
| Total consideration for 68% equity interest acquired | 200,883 |
| Less: Non-cash consideration [1] | (200,883) |
| Consideration settled in cash | – |
| Add: Cash and cash equivalents of subsidiary acquired | 53,456 |
| Net cash inflow on acquisition | 53,456 |

(1) The non-cash consideration for the acquisition was determined in the form of 2,169 issued and paid-up ordinary shares of STG Confectionery Pty Ltd ("STG Confectionery") at AUD92.62 per share, representing the fair value of the equity of STG Confectionery measured using the market approach based on maintainable earnings at a multiple derived from mergers and acquisition data. In using the mergers and acquisition data, a review was undertaken of recent transactions of market comparable businesses from which the implied earnings multiples are calculated. The estimate is adjusted for the net debt of STG Confectionery group. The fair value is in Level 3 of the fair value hierarchy.

*Goodwill*

The goodwill arising from the acquisition of AUD220,154 is attributable to additional and recurring revenue streams expected from the acquisition of JCT (Chadstone).

*Gain on remeasuring previously held equity interest in JCT (Chadstone) to fair value at acquisition date*

The Group recognised a gain of AUD73,266 as a result of measuring at fair value its 32% equity interest in JCT (Chadstone) held before the business combination in the Group's profit or loss for the year ended 30 June 2019.

*Revenue and profit contribution*

The acquired subsidiary contributed revenues of AUD499,327 and net loss of AUD40,757 to the Group for the period from 10 September 2018 to 30 June 2019. If the acquisition had occurred on 1 July 2018, the Group revenue would have been AUD52,273,786 and total profit would have been AUD2,991,640.

## 14 INVESTMENT IN ASSOCIATED COMPANIES

The Group's investment in associated companies are summarised below:

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Carrying amount: | | | |
| Malaysian Fine Foods Pty Ltd | – | – | 30 |
| JCT (Chadstone) Pty Ltd | – | 21,267 | 13,759 |
| | – | 21,267 | 13,789 |

The following information relates to associated companies of the Group:

| Name of Company | Principal place of business/ Country of incorporation | Principal activity | Ownership interest held | | |
|---|---|---|---|---|---|
| | | | 30.6.2019 % | 30.6.2018 % | 1.7.2017 % |
| *Held through subsidiaries* | | | | | |
| *Unquoted equity shares* | | | | | |
| Malaysian Fine Foods Pty Ltd* | Australia | Dormant | – | – | 30 |
| JCT (Chadstone) Pty Ltd** | Australia | Operator of food and beverage outlets | – | 32 | 32 |

* Not required to be audited in the country of incorporation.

** Audited by independent member firm of Baker Tilly International in Australia for the purpose of preparation of the Group's consolidated financial statements.

These associated companies are measured using the equity method. The activities of the associated companies are strategic to the Group.

On 10 September 2018, the Group acquired the remaining 68% equity interest in JCT (Chadstone) Pty Ltd., which became a wholly-owned subsidiary of the Group (Note 13(b)).

All associated companies are not restricted by regulatory requirements on the distribution of dividends.

The management did not consider the associated companies to be material to the Group. Hence the summarised financial information for the associated companies and a reconciliation of the summarised financial information to the carrying amount of its interest in the associated companies are not disclosed in the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 15 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Unquoted equity shares, at cost | **–** | 110,150 | 150 |

The investment in unquoted investments as at 30 June 2018 represents 25% interest in equity shares of PPR Cockburn Pty Ltd ("PPR Cockburn"), a company incorporated in Western Australia. The cost approximated its fair value as at 30 June 2018.

### 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| **Non-current asset** | | | |
| *Equity investments designated at FVOCI* | | | |
| Unquoted equity shares | **88,120** | – | – |

Unquoted equity shares represent 20% interest in a company, PPR Cockburn in Western Australia which is engaged in operating of food and beverage outlet. This investment in equity shares is not held for trading. Accordingly, management has elected to designate this investment in equity shares at fair value through other comprehensive income. It is the Group's strategy to hold this investment for long-term purposes.

During the financial year, the Group disposed 5% equity interest to the major shareholder of PPR Cockburn for AUD30,000.

The fair values of the unquoted equity shares are determined based on recent transacted prices of the investee company's equity as well as internal and external changes in the business and market environment that the investee operates in. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

### 17 DEFERRED TAX ASSET

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

| | Group | | | Company | |
|---|---|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD | 30.6.2019 AUD | 30.6.2018 AUD |
| Balance at beginning of the year | **999,805** | 657,671 | 484,535 | **–** | – |
| Acquisition of subsidiaries | **42,361** | – | – | **–** | – |
| Tax credit to profit or loss (Note 9) | **1,372,751** | 342,265 | 173,083 | **545,832** | – |
| Currency translation differences | **3,758** | (131) | 53 | **–** | – |
| Balance at end of the year | **2,418,675** | 999,805 | 657,671 | **545,832** | – |

The following are the major deferred tax assets recognised by the Group and the movements thereon, during the current and prior reporting periods.

| | Provisions AUD | Deferred income AUD | Lease incentives and straight-line lease liability AUD | Tax losses AUD | Others AUD | Total AUD |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Balance at 1 July 2018 | 249,658 | 220,027 | 471,945 | 30,443 | 27,732 | 999,805 |
| Acquisition of subsidiaries | 18,342 | – | – | – | 24,019 | 42,361 |
| Credited/(charged) to profit or loss for the year | (16,465) | 205,396 | 90,029 | 1,042,921 | 50,870 | 1,372,751 |
| Currency translation differences | 2,306 | 837 | 109 | – | 506 | 3,758 |
| **Balance at 30 June 2019** | **253,841** | **426,260** | **582,083** | **1,073,364** | **103,127** | **2,418,675** |
| Balance at 1 July 2017 | 160,209 | 322,093 | 125,124 | 24,428 | 25,817 | 657,671 |
| Credited/(charged) to profit or loss for the year | 89,449 | (102,066) | 346,952 | 6,015 | 1,915 | 342,265 |
| Currency translation differences | – | – | (131) | – | – | (131) |
| Balance at 30 June 2018 | 249,658 | 220,027 | 471,945 | 30,443 | 27,732 | 999,805 |

## 17 DEFERRED TAX ASSET (CONTINUED)

| | Tax losses AUD |
|---|---|
| **Company** | |
| Balance at 1 July 2018 | – |
| Credited to profit or loss for the year | 545,832 |
| **Balance at 30 June 2019** | **545,832** |

At the end of the reporting period, the Group and the Company have unutilised tax losses of AUD3,623,000 and AUD1,819,000 respectively (Group: 30 June 2018: AUD68,000; 1 July 2017: AUD81,000) that are available for carry forward to offset against future taxable income subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax asset has been recognised in respect of such losses.

## 18 RESTRICTED CASH

| | | Group | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Term deposits (pledged) | **1,856,293** | 1,011,620 | 619,012 |

Term deposits are pledged to financial institutions for obtaining bank guarantees given to landlords of leased premises during the terms of the lease periods. The interest rates of term deposits at 30 June 2019 range from 0.50% to 3.45% (30 June 2018: 1.37% to 3.25%; 1 July 2017: 1.37% to 3.00%) per annum.

## 19 CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group receives payments from new franchisees based on a billing schedule as established in agreements. Contract assets relate to the Group's rights to consideration for work completed but not billed at the reporting date on the Group's franchise business. Contract liabilities mainly consist of deferred income resulting from initial franchise fees paid by franchisees which are recognised on a straight-line basis over the term of the underlying franchise agreement and billings in excess of revenue recognised to-date for projects which are recognised as revenue as (or when) the Group satisfies the performance obligations under its agreements.

The following table provides information about contract assets and contract liabilities from contracts with customers.

| | | Group | |
|---|---|---|---|
| | 30.6.2019 AUD | (Restated) 30.6.2018 AUD | (Restated) 1.7.2017 AUD |
| Contract assets – current | **155,148** | – | 203,002 |
| Contract liabilities | | | |
| – Current | **621,513** | 653,475 | 949,655 |
| – Non-current | **1,158,776** | 606,910 | 564,697 |

Significant changes in the contract assets and the contract liabilities balances during the financial year are as follows:

| | Contract assets | | | Contract liabilities | | |
|---|---|---|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Revenue recognised that was included in the contract liability balance at the beginning of the year | **–** | – | – | **653,475** | 949,655 | 220,200 |
| Increase due to cash received, excluding amounts recognised as revenue during the year | **–** | – | – | **1,142,136** | 438,166 | 378,900 |
| Contract asset reclassified to trade receivables | **–** | 203,002 | – | **–** | – | – |

## 20 INVENTORIES

| | | Group | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| Raw materials and consumables | **1,446,885** | 855,740 | 641,949 |
| Finished goods | **439,854** | 567,081 | 505,276 |
| | **1,886,739** | 1,422,821 | 1,147,225 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 21 TRADE AND OTHER RECEIVABLES

| | Group | | | Company | |
|---|---|---|---|---|---|
| | 30.6.2019<br>AUD | 30.6.2018<br>AUD | 1.7.2017<br>AUD | 30.6.2019<br>AUD | 30.6.2018<br>AUD |
| *Non-current* | | | | | |
| Rental bond | **85,360** | – | 59,792 | **–** | – |
| Refundable deposits | **237,598** | 117,240 | 71,381 | **–** | – |
| Deferred expenditure | **185,920** | 140,580 | 131,489 | **–** | – |
| | **508,878** | 257,820 | 262,662 | **–** | – |
| *Current* | | | | | |
| Trade receivables | | | | | |
| – related parties | **–** | 9,130 | 137,378 | **–** | – |
| – third parties | **3,735,104** | 2,518,703 | 2,299,628 | **–** | – |
| Accrued income | **235,874** | 42,000 | 72,835 | **–** | – |
| Sundry deposits | **421,760** | 154,911 | 35,657 | **–** | – |
| Prepayments | **412,064** | 306,876 | 231,223 | **8,023** | 226,783 |
| Sundry receivables | **224,674** | 445,660 | 212,116 | **–** | – |
| Deferred expenditure | **538,497** | 383,397 | 49,051 | **423,508** | 320,088 |
| Other current assets | **305,177** | 623,081 | 645,604 | **–** | – |
| Amount due from related parties (non-trade) | **–** | 22,721 | 74,612 | **–** | – |
| Amount due from subsidiaries | **–** | – | – | **6,159,735** | 2,464,414 |
| | **5,873,150** | 4,506,479 | 3,758,104 | **6,591,266** | 3,011,285 |
| | **6,382,028** | 4,764,299 | 4,020,766 | **6,591,266** | 3,011,285 |

Amounts due from related parties and subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Impairment losses on amounts due to related parties (non-trade) recognised as an expense amounted AUDNil (2018: AUD68,000; 2017: AUDNil).

### 22 CASH AND BANK BALANCES

| | Group | | | Company | |
|---|---|---|---|---|---|
| | 30.6.2019<br>AUD | 30.6.2018<br>AUD | 1.7.2017<br>AUD | 30.6.2019<br>AUD | 30.6.2018<br>AUD |
| Cash and bank balances | **4,197,272** | 7,393,666 | 1,603,706 | **561,134** | 4,502,211 |
| Fixed deposits | **–** | 259,106 | 169,004 | **–** | – |
| | **4,197,272** | 7,652,772 | 1,772,710 | **561,134** | 4,502,211 |

Fixed deposits are placed with banks and mature within 4 to 12 months after the end of the reporting periods 2018 and 2017.

### 23 SHARE CAPITAL

The Company was incorporated on 11 January 2018 with an initial share capital of SGD100 comprising 10,000 shares.

The share capital in the combined statements of financial position as at 30 June 2018 represents the aggregate amounts of the share capital of the subsidiaries comprising STG Food Industries Pty Ltd, STG Confectionery Pty Ltd, STG Food Industries 3 Pty Ltd, STG Food Industries Malaysia Sdn Bhd, STG Food Industries 5 Pty Ltd, STG Beverage (NZ) Pty Ltd, STG Entertainment Pty Ltd, STG Confectionery 2 Pty Ltd, GC (England) Pte. Ltd. and the Company.

Upon the completion of the Restructuring Exercise, as described in Note 2(j) to the financial statements, the Brand Holding Companies became wholly-owned subsidiaries of the Company.

| | Group | | Company | |
|---|---|---|---|---|
| | 2019<br>AUD | 2018<br>AUD | 2019<br>AUD | 2018<br>AUD |
| Ordinary shares | **47,490,345** | 11,520 | **47,490,345** | 9,563 |
| Non-redeemable convertible preference shares | **–** | 6,689,421 | **–** | 6,689,421 |
| | **47,490,345** | 6,700,941 | **47,490,345** | 6,698,984 |

## 23 SHARE CAPITAL (CONTINUED)

### Ordinary shares

| | Group | | | |
|---|---|---|---|---|
| | Number of issued shares | | Issued share capital | |
| | 2019 | 2018 | 2019 AUD | 2018 AUD |
| *Issued and paid up* | | | | |
| At 1 July | **1,002,024** | 1,561 | **11,520** | 1,560 |
| Incorporation of Company | **–** | 10,000 | **–** | 96 |
| Issuance of ordinary shares | **1,080,000** | 990,463 | **10,693** | 9,864 |
| Issuance of ordinary shares: | | | | |
| – pursuant to the call option | **373,791** | – | **381,901** | – |
| – pursuant to the conversion of non-redeemable convertible preference shares | **9,836,174** | – | **7,176,221** | – |
| – pursuant to the Restructuring Exercise | **39,516,800** | – | **39,911,967** | – |
| Adjustment pursuant to the Restructuring Exercise | **(2,024)** | – | **(1,957)** | – |
| Adjustment pursuant to the sub-division of shares | **157,193,235** | – | **–** | – |
| At 30 June | **209,000,000** | 1,002,024 | **47,490,345** | 11,520 |

| | Company | | | |
|---|---|---|---|---|
| | Number of issued shares | | Issued share capital | |
| | 2019 | 2018 | 2019 AUD | 2018 AUD |
| *Issued and paid up* | | | | |
| At 1 July/date of incorporation | **1,000,000** | 10,000 | **9,563** | 96 |
| Issuance of ordinary shares | **1,080,000** | 990,000 | **10,693** | 9,467 |
| Issuance of ordinary shares: | | | | |
| – pursuant to the call option | **373,791** | – | **381,901** | – |
| – pursuant to the conversion of non-redeemable convertible preference shares | **9,836,174** | – | **7,176,221** | – |
| – pursuant to the Restructuring Exercise | **39,516,800** | – | **39,911,967** | – |
| Adjustment pursuant to the sub-division of shares | **157,193,235** | – | **–** | – |
| At 30 June | **209,000,000** | 1,000,000 | **47,490,345** | 9,563 |

The ordinary shares have no par values, are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

### Non-redeemable convertible preference shares

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of non-redeemable convertible preference shares | | Issued share capital | |
| | 2019 | 2018 | 2019 AUD | 2018 AUD |
| *Issued and paid up* | | | | |
| At 1 July/date of incorporation | **6,755,737** | – | **6,689,421** | – |
| Issue of shares: | | | | |
| – Series 1A non-redeemable convertible preference shares | **481,980** | 4,424,789 | **486,800** | 4,469,037 |
| – Series 1B non-redeemable convertible preference shares | **–** | 2,330,948 | **–** | 2,354,257 |
| Transaction costs | **–** | – | **–** | (133,873) |
| Conversion of non-redeemable convertible preference shares to ordinary shares | **(7,237,717)** | – | **(7,176,221)** | – |
| At 30 June | **–** | 6,755,737 | **–** | 6,689,421 |

The Series 1A and Series 1B non-redeemable convertible preference shares ("Series 1A and Series 1B NRCPS") confer upon the holders the following rights:

(a) Dividends

Holders have the right to receive dividend distributions by the Company. The preferential dividend shall:

(i) be declared by the Directors at any time and from time to time and payable at such time as the Directors shall determine; and

(ii) be paid in priority to any dividend or distribution in favour of holders of any other classes of shares in the Company.

(b) Voting

The right to attend and vote at general meetings of the Company only upon the completion of the Restructuring Exercise and the Company has given written notice to the holders to that effect.

(c) Conversion

Unless earlier converted, each Series 1A and Series 1B NRCPS will be automatically converted into 1.359017 ordinary share or the holder with the prior written consent of the issuer at the issuer's discretion, may at any time, request that the issuer to convert all the NRCPS into ordinary share.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 24 OTHER RESERVES

| | Foreign currency translation reserve AUD | Merger reserve AUD | Capital reserve AUD | Total AUD |
|---|---|---|---|---|
| **Group** | | | | |
| **2019** | | | | |
| At 1 July 2018 | (7,178) | (81,612) | (130,253) | (219,043) |
| Issuance of ordinary shares pursuant to the call option | – | – | (380,230) | (380,230) |
| Adjustments pursuant to the Restructuring Exercise | – | (38,938,143) | – | (38,938,143) |
| Other comprehensive income | 14,667 | – | – | 14,667 |
| **At 30 June 2019** | **7,489** | **(39,019,755)** | **(510,483)** | **(39,522,749)** |
| 2018 | | | | |
| At 1 July 2017 | (2,183) | (199,970) | – | (202,153) |
| Acquisition of non-controlling interests of subsidiaries | – | – | (130,253) | (130,253) |
| Pooling of interest | – | 118,358 | – | 118,358 |
| Other comprehensive loss | (4,995) | – | – | (4,995) |
| At 30 June 2018 | (7,178) | (81,612) | (130,253) | (219,043) |

**Foreign currency translation reserve**

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

**Merger reserve**

The merger reserve represents acquisition involving entities under common control. The reserve arises from the difference between the purchase considerations and the share capital of the subsidiaries acquired under common control.

**Capital reserve**

Capital reserve represents the premium paid for acquisition of non-controlling interests in certain subsidiaries.

### 25 BORROWINGS

| | Group | | |
|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
| *Non-current* | | | |
| Bank loan 2 (secured) | **444,431** | – | – |
| Bank loan 3 (secured) | **393,941** | 400,536 | – |
| Bank loan 4 (secured) | **168,375** | – | – |
| Finance lease liabilities (secured) | **764,275** | 926,385 | 746,394 |
| | **1,771,022** | 1,326,921 | 746,394 |
| *Current* | | | |
| Bank overdrafts (secured) | **238,004** | 223,957 | 214,101 |
| Bank loan 1 (secured) | **–** | 115,738 | 187,398 |
| Bank loan 2 (secured) | **193,426** | 306,459 | 404,185 |
| Bank loan 3 (secured) | **91,421** | – | – |
| Bank loan 4 (secured) | **183,455** | – | – |
| Finance lease liabilities (secured) | **494,847** | 376,303 | 265,231 |
| | **1,201,153** | 1,022,457 | 1,070,915 |
| Total borrowings | **2,972,175** | 2,349,378 | 1,817,309 |

**Terms and debt repayment schedule**

Terms and conditions of outstanding loans and borrowings are as follows:

| | Interest rate per annum % | Year of maturity | Carrying amount AUD |
|---|---|---|---|
| **At 30 June 2019** | | | |
| Secured bank loans | | | |
| – Bank loans 2 – fixed rate | 6.40 – 6.88 | 2020 – 2022 | **637,857** |
| – Bank loan 3 – floating rate | 7.45 | 2023 | **485,362** |
| – Bank loan 4 – floating rate | 3.80 | 2021 | **351,830** |
| | | | **1,475,049** |
| At 30 June 2018 | | | |
| Secured bank loans | | | |
| – Bank loan 1 – floating rate | 10.63 | 2020 | 115,738 |
| – Bank loans 2 – fixed rate | 6.79 – 6.88 | 2020 | 306,459 |
| – Bank loan 3 – floating rate | 7.21 | 2023 | 400,536 |
| | | | 822,733 |

## 25 BORROWINGS (CONTINUED)

**Terms and debt repayment schedule** (Continued)

| | Interest rate per annum % | Year of maturity | Carrying amount AUD |
|---|---|---|---|
| At 1 July 2017 | | | |
| Secured bank loans | | | |
| – Bank loan 1 – floating rate | 10.63 | 2020 | 187,398 |
| – Bank loans 2 – fixed rate | 6.79 – 6.88 | 2020 | 404,185 |
| | | | 591,583 |

The secured bank loans are secured over all assets of certain subsidiaries, certain fixed deposits and personal guarantee by certain directors of the Company and subsidiaries.

The secured bank overdrafts of the Group are secured over personal guarantee by certain directors of the Company and subsidiaries and all assets of certain subsidiaries. Interest is payable at 8.19% – 9.95% (2018: 8.17% – 8.25%; 2017: 8.17% – 8.25%) per annum.

### (a) Fair values

The carrying amounts of current borrowings approximate their fair values at the end of the reporting period.

Based on the discounted cash flow analysis using a discount rate based upon market lending rate for similar borrowings which the management expects would be available to the Group at the end of the reporting period, the fair values of the fixed rate borrowings at the end of the reporting period approximate their carrying values as there are no significant changes in the market lending interest rates available to the Group at the end of the reporting period. The floating rate borrowings are instruments that are repriced to market interest rates on or near the end of the reporting period. Accordingly, the fair values of these borrowings, determined from discounted cash flow analysis using market lending rates for similar borrowings which the management expects would be available to the Group at the end of the reporting period, would approximate their carrying amounts at the end of the reporting period. This fair value measurement for disclosure purposes is categorised in the Level 3 of the fair value hierarchy.

### (b) Finance lease liabilities

| | 30.6.2019 | | 30.6.2018 | | 1.7.2017 | |
|---|---|---|---|---|---|---|
| | Minimum lease payments AUD | Present value AUD | Minimum lease payments AUD | Present value AUD | Minimum lease payments AUD | Present value AUD |
| Not later than one financial year | **556,155** | **494,847** | 450,808 | 376,303 | 323,699 | 265,231 |
| Later than one financial year but not later than five financial years | **812,158** | **764,275** | 995,725 | 926,385 | 809,670 | 746,394 |
| Total minimum lease payments | **1,368,313** | **1,259,122** | 1,446,533 | 1,302,688 | 1,133,369 | 1,011,625 |
| Less: Future finance charges | **(109,191)** | **–** | (143,845) | – | (121,744) | – |
| Present value of finance lease liabilities | **1,259,122** | **1,259,122** | 1,302,688 | 1,302,688 | 1,011,625 | 1,011,625 |
| Representing finance lease liabilities: | | | | | | |
| Current | **494,847** | | 376,303 | | 265,231 | |
| Non-current | **764,275** | | 926,385 | | 746,394 | |
| | **1,259,122** | | 1,302,688 | | 1,011,625 | |
| Effective interest rates | **5.35% – 5.83%** | | 4.76% – 5.83% | | 4.82% – 6.85% | |

The net carrying values of property, plant and equipment acquired under finance lease agreements are disclosed in Note 11.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the end of the reporting period, the fair values of finance lease liabilities at the end of the reporting period approximate their carrying amounts as the market interest rate at the end of the reporting period is close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose is categorised in Level 3 of the fair value hierarchy.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 25 BORROWINGS (CONTINUED)

**(c) Reconciliation of movements of liabilities to cash flows arising from financing activities:**

| | Bank loans AUD | Finance lease liabilities AUD | Amounts due to third parties/ shareholders/ related parties AUD | Total AUD |
|---|---|---|---|---|
| **Group** | | | | |
| Balance at 1 July 2018 | 822,733 | 1,302,688 | 3,167,059 | 5,292,480 |
| Acquisition of subsidiaries | – | 27,579 | 86,299 | 113,878 |
| Changes from financing cash flows: | | | | |
| – Proceeds | 1,046,809 | – | 745,206 | 1,792,015 |
| – Repayments | (427,646) | (463,185) | (1,872,932) | (2,763,763) |
| – Interest paid | (80,727) | (82,960) | – | (163,687) |
| Non-cash changes: | | | | |
| – Interest expense | 80,727 | 82,960 | – | 163,687 |
| – New finance leases | – | 392,050 | – | 392,050 |
| Effect of changes in foreign exchange rates | 33,153 | (10) | – | 33,143 |
| **Balance at 30 June 2019** | **1,475,049** | **1,259,122** | **2,125,632** | **4,859,803** |
| Balance at 1 July 2017 | 591,583 | 1,011,625 | 3,297,958 | 4,901,166 |
| Changes from financing cash flows: | | | | |
| – Proceeds | 400,536 | – | – | 400,536 |
| – Repayments | (155,298) | (456,116) | (130,899) | (742,313) |
| – Interest paid | (39,838) | (44,288) | – | (84,126) |
| Non-cash changes: | | | | |
| – Interest expense | 56,414 | 57,563 | – | 113,977 |
| – New finance leases | – | 747,126 | – | 747,126 |
| Effect of changes in foreign exchange rates | (30,664) | (13,222) | – | (43,886) |
| Balance at 30 June 2018 | 822,733 | 1,302,688 | 3,167,059 | 5,292,480 |

### 26 TRADE AND OTHER PAYABLES

| | Group | | | Company | |
|---|---|---|---|---|---|
| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD | 30.6.2019 AUD | 30.6.2018 AUD |
| *Non-current* | | | | | |
| Lease incentives | **1,278,548** | 1,025,897 | 227,183 | **–** | – |
| Straight-line lease liability | **467,242** | 394,319 | 312,634 | **–** | – |
| | **1,745,790** | 1,420,216 | 539,817 | **–** | – |
| *Current* | | | | | |
| Trade creditors | | | | | |
| – third parties | **2,005,546** | 1,876,609 | 2,531,727 | **–** | – |
| – related parties | **–** | – | 59,936 | **–** | – |
| Other payables | **2,541,328** | 2,091,691 | 1,360,684 | **474,960** | 320,088 |
| Deposits | **52,666** | 68,729 | 30,000 | | |
| Franchise deposits received | **344,155** | 420,442 | 261,524 | **–** | – |
| Dividends payable | **2,177** | 8,000 | 39,000 | **–** | – |
| Accrued operating expenses | **2,445,803** | 730,581 | 299,981 | **1,077,223** | – |
| Amounts due to | | | | | |
| – third parties | **180,947** | 54,509 | 121,402 | **–** | – |
| – shareholders | **1,940,235** | 1,598,843 | 1,298,856 | **–** | – |
| – related parties | **4,450** | 1,513,707 | 1,877,701 | **–** | – |
| Amount due to subsidiaries | **–** | – | – | **117,617** | – |
| Marketing fund liability | **86,895** | 49,922 | 66,421 | **–** | – |
| Lease incentives | **249,987** | 169,577 | 18,158 | **–** | – |
| Straight-line lease liability | **31,439** | 140,590 | 146,308 | **–** | – |
| Subscription money received in advance | **–** | 486,800 | – | **–** | 486,800 |
| | **9,885,628** | 9,210,000 | 8,111,697 | **1,669,800** | 806,888 |
| | **11,631,418** | 10,630,216 | 8,651,514 | **1,669,800** | 806,888 |

Amounts due to third parties, shareholders, related parties and subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

## 27 DIVIDENDS PAID/PAYABLE

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Ordinary dividends: | | |
| *STG Food Industries Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD2.17 per share | **650,000** | – |
| Interim single tier tax exempt dividend of AUD5,000 per share | **–** | 500,000 |
| *Oldtown QV (Aust) Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD2,000 per share | **200,000** | – |
| Interim single tier tax exempt dividend of AUD4,500 per share | **–** | 450,000 |
| *Delicious Foodcraft Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD400 per share | **30,000** | – |
| *STG Confectionery Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD125 per share | **–** | 100,000 |
| *STG Food Industries 3 Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD1,000 per share | **100,000** | – |
| *STG Entertainment Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD300 per share | **30,000** | – |
| Dividends paid/payable to equity holders of the Group | **1,010,000** | 1,050,000 |
| *Papparich Australia Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD1.33 per share | **400,000** | – |
| Interim single tier tax exempt dividend of AUD3.33 per share | **–** | 500,000 |
| *Delicious Foodcraft Pty Ltd* | | |
| Interim single tier tax exempt dividend of AUD400 per share | **10,000** | – |
| Dividends paid/payable to non-controlling interests of the Group | **410,000** | 500,000 |

The dividends have been declared to the existing shareholders prior to the Restructuring Exercise. The dividend per share is calculated based on the number of ordinary shares of the respective company in issue as at date of dividend declaration.

## 28 RELATED PARTY TRANSACTIONS

**(a)** In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial years on terms agreed by the parties concerned:

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| **With other related parties** | | |
| *Income* | | |
| Supply chain revenue | **55,134** | 348,915 |
| Franchise fees and royalty income | **32,568** | 136,134 |
| Other revenues | **152,885** | 122,190 |
| Training income | **–** | 18,965 |
| Rental income | **–** | 9,780 |
| Marketing fee income | **3,181** | – |
| Management fee income | **75,212** | 244,391 |
| Other income | **12,000** | – |
| *Expenses* | | |
| Purchases | **–** | 76,125 |
| Non-trade advances written off | **–** | 68,000 |
| Rental expense | **600,165** | 566,698 |
| Management fee expense | **587,829** | 900,615 |
| Acquisition of franchise right | **–** | 1,000,000 |

Other related parties comprise mainly companies which are controlled or significantly influenced by the Group's key management personnel, controlling shareholders and their close family members.

**(b) Key management personnel compensation**

Total key management personnel compensation is analysed as follows:

| | Group | |
|---|---|---|
| | **2019 AUD** | **2018 AUD** |
| Salaries, allowances, bonuses | **621,852** | 264,581 |
| Employer's contributions to defined contribution plan | **52,805** | 24,180 |
| | **674,657** | 288,761 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 29 COMMITMENTS

#### (a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

| | Group | | |
|---|---|---|---|
| | **30.6.2019 AUD** | **30.6.2018 AUD** | **1.7.2017 AUD** |
| Capital commitments in respect of | | | |
| – Property, plant and equipment | **1,519,953** | – | – |
| – Intangible assets | **–** | 744,000 | – |
| | **1,519,953** | 744,000 | – |

#### (b) Lease commitments

The Group has various operating lease agreements for offices, central kitchen, restaurants and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms of between less than 1 year to 10 years (2018: 2 to 10 years; 2017: 3 to 10 years). Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from the outlets. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Included in the rental on operating leases for the financial year ended 30 June 2019 is contingent rents of AUD205,989 (2018: AUD249,786).

Commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

| | Group | | |
|---|---|---|---|
| | **30.6.2019 AUD** | **30.6.2018 AUD** | **1.7.2017 AUD** |
| Not later than one financial year | **5,658,975** | 3,796,787 | 2,714,071 |
| Later than one financial year but not later than five financial years | **17,439,755** | 13,204,883 | 9,269,396 |
| Later than five financial years | **4,879,955** | 3,300,467 | 2,016,102 |
| | **27,978,685** | 20,302,137 | 13,999,569 |

### 30 FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

| | Group | | | Company | |
|---|---|---|---|---|---|
| | **30.6.2019 AUD** | **30.6.2018 AUD** | **1.7.2017 AUD** | **30.6.2019 AUD** | **30.6.2018 AUD** |
| *Financial assets* | | | | | |
| Available-for-sale financial assets, at cost | **–** | 110,150 | 150 | **–** | – |
| Loans and receivables (including cash and bank balances) | **–** | 12,396,518 | 5,850,426 | **–** | 6,966,625 |
| Financial assets at fair value through other comprehensive income | **88,120** | – | – | **–** | – |
| Financial assets at amortised costs | **10,837,023** | – | – | **6,720,869** | – |
| | **10,925,143** | 12,506,668 | 5,850,576 | **6,720,869** | 6,966,625 |
| *Financial liabilities* | | | | | |
| At amortised cost | **10,529,653** | 8,858,790 | 9,068,314 | **1,669,800** | 320,088 |

#### (b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk, liquidity risk and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from these financial risks on the Group's financial performance. The policies for managing each of these risks are summarised below. The directors review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

***Foreign currency risk***

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currency other than the respective functional currencies of entities in the Group. The foreign currency in which the Group's currency risk arises is mainly Singapore dollar ("SGD").

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

***Foreign currency risk** (Continued)*

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currency based on information provided to key management:

| *Denominated in:* | SGD | |
|---|---|---|
| | **30.6.2019 AUD** | **30.6.2018 AUD** |
| **Group** | | |
| Trade and other receivables | **–** | 164,204 |
| Cash and bank balances | **298,670** | 705,610 |
| Trade and other payables | **(1,292,712)** | (21,386) |
| **Net financial (liabilities)/assets denominated in foreign currency** | **(994,042)** | 848,428 |
| **Company** | | |
| Trade and other receivables | **1,782,183** | 164,204 |
| Cash and bank balances | **298,670** | 705,610 |
| Trade and other payables | **(1,292,712)** | (21,386) |
| **Net financial assets denominated in foreign currency** | **788,141** | 848,428 |

Sensitivity analysis of the Group's and the Company's foreign exchange risk exposure are not presented as a reasonably possible change in 10% in the foreign currency exchange rate against the respective functional currencies of the Group's entities, with all other variables held constant will have no significant impact on the Group's and the Company's net results.

***Interest rate risk***

The Group's exposure to interest rate risk arises primarily from their fixed deposits placed with financial institutions and bank borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Borrowings and fixed deposits at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). For interest income from the fixed deposits, the Group manages the interest rate risks by placing fixed deposits with reputable financial institutions with varying maturities and interest rate terms. Interest expense from bank borrowings arises from term loans, finance lease liabilities and bank overdrafts.

Sensitivity analysis of the Group's interest rate risk exposures are not presented as the impact of an increase/decrease of 50 basis points in interest rates are not expected to be significant.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the directors based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level by the directors.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

| **Description of evaluation of financial assets** | **Basis for recognition and measurement of ECL** |
|---|---|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition | Lifetime ECL – not credit-impaired |
| Contractual payments are more than 120 days past due or there is evidence of credit impairment | Lifetime ECL – credit-impaired |
| There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off |

*Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

**30 FINANCIAL INSTRUMENTS** (CONTINUED)

**(b) Financial risk management** (Continued)

***Credit risk*** *(Continued)*

*Significant increase in credit risk (Continued)*

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

*Maximum exposure and concentration of credit risk*

As at the end of the reporting period, 80% (30 June 2018 and 1 July 2017: 100%) of the Group's trade receivables are all due from debtors located in Australia. The Group's trade receivables comprise 3 debtors (30 June 2018 and 1 July 2017: 1 debtor) that individually represented 11% to 17% (30 June 2018: 62%; 1 July 2017: 59%) of the trade receivables.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position.

The credit loss for cash and bank balances and other receivables are immaterial as at 30 June 2019.

*Trade receivables and contract assets*

The Group had applied the simplified approach to measure the lifetime expected credit loss ("ECL") allowance for trade receivables and contract assets. Under the simplified approach, for trade receivables and contract assets that do not contain a significant financing component, the loss allowance is measured at initial recognition and throughout the life of the receivable at an amount equal to lifetime ECL.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

## 30 FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Financial risk management (Continued)

***Credit risk** (Continued)*

*Credit quality of financial assets*

The table below details the credit quality of the Group's and the Company's financial assets as at 30 June 2019:

| | 12-month or lifetime ECL | Gross carrying amount AUD | Loss allowance AUD | Net carrying amount AUD |
|---|---|---|---|---|
| **Group** | | | | |
| Trade receivables | Lifetime | **3,735,104** | **–** | **3,735,104** |
| Other receivables | 12-month (Exposure limited) | **1,048,354** | **–** | **1,048,354** |
| Contract assets | Lifetime | **155,148** | **–** | **155,148** |
| Restricted cash | 12-month (Exposure limited) | **1,856,293** | **–** | **1,856,293** |
| Cash and bank balances | N.A. Exposure Limited | **4,197,272** | **–** | **4,197,272** |
| **Company** | | | | |
| Amount due from subsidiaries | 12-month (Exposure limited) | **2,482,743** | **–** | **2,482,743** |
| | Lifetime | **3,676,992** | **–** | **3,676,992** |
| Cash and bank balances | N.A. Exposure Limited | **561,134** | **–** | **561,134** |

*Amount due from subsidiaries*

For the amount due from subsidiaries where impairment loss allowance is measured using 12 months ECL, the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-months ECL and determined that the ECL is insignificant.

*Previous accounting policy for impairment of financial assets*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis by the management.

*Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are substantially with corporate debtors with good collection track record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Non-trade balances due from related parties are repayable on demand and are not past due as at the end of the reporting period.

*Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The table below is an ageing analysis of trade receivables of the Group:

| | Group | |
|---|---|---|
| | **30.6.2018 AUD** | **1.7.2017 AUD** |
| Not past due and not impaired | 1,188,746 | 2,063,034 |
| Past due but not impaired | 1,339,087 | 373,972 |
| | 2,527,833 | 2,437,006 |

The age analysis of trade receivables past due but not impaired is as follows:

| | Group | |
|---|---|---|
| | **30.6.2018 AUD** | **1.7.2017 AUD** |
| Past due < 30 days | 317,281 | 138,890 |
| Past due 31 to 60 days | 684,819 | 70,556 |
| Past due 61 to 90 days | 209,206 | 80,520 |
| Past due over 90 days | 127,781 | 84,006 |
| | 1,339,087 | 373,972 |

Other than trade receivables and non-trade amounts due from shareholders/related parties, the Group has no receivables that are impaired at the reporting date.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 30 FINANCIAL INSTRUMENTS (CONTINUED)

#### (b) Financial risk management (Continued)

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. In managing its liquidity, management monitors and reviews the Group's and the Company's forecasts of liquidity reserves (comprise cash and bank balances and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | 1 year or less AUD | Within 2 to 5 years AUD | Over 5 years AUD | Total AUD |
|---|---|---|---|---|
| **Group** | | | | |
| **30.6.2019** | | | | |
| Trade and other payables | 7,090,236 | 467,243 | – | 7,557,479 |
| Borrowings | 1,341,342 | 1,918,148 | – | 3,259,490 |
| | **8,431,578** | **2,385,391** | **–** | **10,816,969** |
| 30.6.2018 | | | | |
| Trade and other payables | 6,121,847 | 387,565 | – | 6,509,412 |
| Borrowings | 1,170,823 | 1,455,963 | – | 2,626,786 |
| | 7,292,670 | 1,843,528 | – | 9,136,198 |
| 1.7.2017 | | | | |
| Trade and other payables | 6,941,429 | 309,576 | – | 7,251,005 |
| Borrowings | 1,200,489 | 809,670 | – | 2,010,159 |
| | 8,141,918 | 1,119,246 | – | 9,261,164 |
| **Company** | | | | |
| **30.6.2019** | | | | |
| Trade and other payables | **1,669,800** | **–** | **–** | **1,669,800** |
| 30.6.2018 | | | | |
| Trade and other payables | 320,088 | – | – | 320,088 |

### 31 FAIR VALUES OF ASSETS AND LIABILITIES

#### (a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(a) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(c) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

#### (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

These are current trade and other receivables, trade and other payables and current borrowings. The carrying amounts of these financial assets at amortised cost/loan and other receivables and financial liabilities are reasonable approximation of fair values due to their short-term nature.

#### (c) Determination of fair values

*Non-current borrowings*

The basis of determining fair values for disclosure at the end of the reporting period is disclosed in Note 25 to the financial statements.

### 32 SEGMENT INFORMATION

The Group is organised into business units based on its business segments purposes. The reportable segments are food and beverage retails, supply chain and franchise which are described below. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

(i) Food and beverage retails segment includes operations with respect to all franchise and Group-owned restaurants and stores.

(ii) The supply chain segment primarily includes the manufacturing, procurement and distribution of food, equipment and supplies to restaurants and stores from the Group's supply chain center operations in Australia.

(iii) The franchise segment primarily includes operations related to the Group's franchising business.

## 32 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments are as follows:

| | Food and beverage retails AUD | Supply chain AUD | Franchise AUD | Others AUD | Eliminations AUD | Consolidation total AUD |
|---|---|---|---|---|---|---|
| **2019** | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | **35,048,949** | **9,504,595** | **7,109,399** | **481,746** | **–** | **52,144,689** |
| Intersegment sales | **–** | **4,394,303** | **855,933** | **–** | **(5,250,236)** | **–** |
| Total revenue | **35,048,949** | **13,898,898** | **7,965,332** | **481,746** | **(5,250,236)** | **52,144,689** |
| Tax (expense)/credit | **(353,749)** | **(862,000)** | **(592,557)** | **494,638** | **–** | **(1,313,668)** |
| Segment profit/(loss) | **688,965** | **2,180,069** | **1,303,500** | **(1,185,840)** | **–** | **2,986,694** |
| Depreciation and amortisation | **1,968,942** | **328,724** | **301,168** | **21,850** | **–** | **2,620,684** |
| Property, plant and equipment written off | **184,898** | **–** | **–** | **–** | **–** | **184,898** |
| Segment assets | **21,340,038** | **9,148,338** | **10,354,628** | **66,603,702** | **(74,376,210)** | **33,070,496** |
| Unallocated assets | | | | | | **1,172,451** |
| Total assets | | | | | | **34,242,947** |
| Segment assets include: | | | | | | |
| Additions to: | | | | | | |
| – Property, plant and equipment | **5,101,052** | **80,938** | **261,994** | **–** | **–** | **5,443,984** |
| – Intangible assets | **1,071,801** | **–** | **846,463** | **–** | **(86,317)** | **1,831,947** |
| Segment liabilities | **20,353,850** | **2,220,841** | **6,386,008** | **12,848,647** | **(23,777,608)** | **18,031,738** |
| Unallocated liabilities | | | | | | **743,325** |
| Total liabilities | | | | | | **18,775,063** |
| 2018 | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 23,664,799 | 7,882,307 | 4,523,343 | 408,141 | – | 36,478,590 |
| Intersegment sales | – | 3,520,789 | 871,960 | – | (4,392,749) | – |
| Total revenue | 23,664,799 | 11,403,096 | 5,395,303 | 408,141 | (4,392,749) | 36,478,590 |
| Tax expense | (447,250) | (626,670) | (528,969) | (3,934) | – | (1,606,823) |
| Segment profit/(loss) | 1,055,586 | 1,527,414 | 1,446,864 | (111,517) | – | 3,918,347 |
| Depreciation and amortisation | 1,132,285 | 327,817 | 105,681 | 39,967 | – | 1,605,750 |
| Gain on sale of a Group-owned store | 617,095 | – | – | – | – | 617,095 |
| Property, plant and equipment written off | 104,540 | – | – | – | – | 104,540 |
| Intangible assets written off | – | – | 4,796 | – | – | 4,796 |
| Share of results of associates | 7,508 | – | – | – | – | 7,508 |
| Non-trade advances to related parties written off | – | – | 68,000 | – | – | 68,000 |
| Segment assets | 14,497,994 | 6,102,661 | 6,509,313 | 9,181,975 | (9,223,566) | 27,068,377 |
| Unallocated assets | | | | | | 817,007 |
| Total assets | | | | | | 27,885,384 |
| Segment assets include: | | | | | | |
| Investment in associated companies | 131,267 | – | – | – | – | 131,267 |
| Additions to: | | | | | | |
| – Property, plant and equipment | 4,436,498 | 376,008 | 48,880 | 26,911 | – | 4,888,297 |
| – Intangible assets | – | – | 1,264,303 | – | – | 1,264,303 |
| Segment liabilities | 13,360,872 | 1,873,139 | 4,932,354 | 3,729,471 | (8,413,738) | 15,482,098 |
| Unallocated liabilities | | | | | | 217,390 |
| Total liabilities | | | | | | 15,699,488 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### 32 SEGMENT INFORMATION (CONTINUED)

| | Food and beverage retails AUD | Supply chain AUD | Franchise AUD | Others AUD | Eliminations AUD | Consolidation total AUD |
|---|---|---|---|---|---|---|
| 2017 | | | | | | |
| Segment revenue | | | | | | |
| Sales to external customers | 17,108,964 | 8,505,765 | 4,293,953 | 405,408 | – | 30,314,090 |
| Intersegment sales | – | 2,950,236 | 842,443 | – | (3,792,679) | – |
| Total revenue | 17,108,964 | 11,456,001 | 5,136,396 | 405,408 | (3,792,679) | 30,314,090 |
| Tax expense | (586,047) | (556,745) | (432,439) | (2,816) | – | (1,578,047) |
| Segment profit | 827,999 | 1,404,706 | 1,265,442 | 47,997 | – | 3,546,144 |
| Depreciation and amortisation | 527,295 | 281,917 | 79,165 | 46,275 | – | 934,652 |
| Share of results of associates | 13,727 | – | – | – | – | 13,727 |
| Segment assets | 8,641,280 | 5,181,353 | 4,259,746 | 1,507,216 | (4,206,790) | 15,382,805 |
| Unallocated assets | | | | | | 794,283 |
| Total assets | | | | | | 16,177,088 |
| Segment assets include: | | | | | | |
| Investment in associated companies | 13,789 | – | – | – | – | 13,789 |
| Additions to: | | | | | | |
| – Property, plant and equipment | 2,937,699 | 407,196 | 468,037 | – | – | 3,812,932 |
| – Intangible assets | – | – | 490,419 | – | – | 490,419 |
| Segment liabilities | 7,731,754 | 2,918,478 | 3,633,341 | 1,911,802 | (3,856,590) | 12,338,785 |
| Unallocated liabilities | | | | | | 744,800 |
| Total liabilities | | | | | | 13,083,585 |

**Segment results**

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Sales between operating segments are on terms agreed by the group companies concerned.

**Segment assets**

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than deferred tax asset, goods and services tax receivable and designated bank account for marketing fund of the respective master franchisee entity which are classified as unallocated assets.

**Segment liabilities**

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than current tax payable, payroll tax payable and goods and services tax payable of the respective master franchisee entity. These liabilities are classified as unallocated liabilities.

**Geographical information**

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

| | 2019 AUD | 2018 AUD |
|---|---|---|
| **Sales to external customers** | | |
| Australia | **43,722,938** | 32,725,288 |
| Malaysia | **3,271,832** | 660,009 |
| New Zealand | **5,052,653** | 3,093,293 |
| United Kingdom | **97,266** | – |
| | **52,144,689** | 36,478,590 |

| | 30.6.2019 AUD | 30.6.2018 AUD | 1.7.2017 AUD |
|---|---|---|---|
| **Non-current assets** | | | |
| Australia | **13,235,690** | 10,119,088 | 7,042,181 |
| Malaysia | **1,357,940** | 888,265 | – |
| New Zealand | **1,830,967** | 1,057,145 | 845,860 |
| United Kingdom | **1,019,995** | – | – |
| | **17,444,592** | 12,064,498 | 7,888,041 |

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding deferred tax asset and financial instrument.

## 32 SEGMENT INFORMATION (CONTINUED)

### Information about major customers

Revenue of approximately AUDNil (2018: AUD5,007,000) are derived from a single external customer who individually contributed 10% or more of the Group's revenue and is attributable to the supply chain segment.

## 33 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings.

The capital structure of the Group mainly consists of equity and borrowings and the Group's overall strategy remains unchanged from financial year ended 2018.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 June 2018 and 2019.

## 34 SUBSEQUENT EVENTS

(a) The allotment and issue of 30,077,000 Placement Shares by way of placement and 6,923,000 Cornerstone Shares ("new shares"). The new shares, when allotted, issued and fully paid-up, will rank pari passu in all respects with the existing issued and fully paid-up shares.

(b) The Company was listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 3 July 2019.

(c) On 4 July 2019, NeNe Chicken (Australia) Pty Ltd entered into a master franchise agreement with Hyein Foods Co., Ltd in respect of the exclusive rights to the "NeNe Chicken" brand in New Zealand.

## 35 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors dated 1 October 2019.

## SHAREHOLDING STATISTICS

AS AT 13 SEPTEMBER 2019

| | | |
|---|---|---|
| Class of shares | : | Ordinary shares |
| Issued and fully paid-up capital | : | SGD10,003,377.27 and AUD47,222,062.67 |
| Number of shares issued | : | 74,686,500 shares fully paid-up in Singapore Dollars and 171,313,500 shares fully paid-up in Australia Dollars |
| Voting rights | : | One vote per share |

The Company does not hold any treasury shares and subsidiary holdings.

**STATISTICS OF SHAREHOLDINGS**

| Size of Shareholding | Number of Shareholders | % | Number of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 0 | 0.00 | 0 | 0.00 |
| 100 – 1,000 | 9 | 4.55 | 5,400 | 0.00 |
| 1,001 – 10,000 | 75 | 37.88 | 429,400 | 0.17 |
| 10,001 – 1,000,000 | 84 | 42.42 | 18,012,378 | 7.32 |
| 1,000,001 and above | 30 | 15.15 | 227,552,822 | 92.51 |
| | 198 | 100.00 | 246,000,000 | 100.00 |

**SUBSTANTIAL SHAREHOLDERS AS AT 13 SEPTEMBER 2019**

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Saw Tatt Ghee(1)(2) | 3,253,300 | 1.32 | 75,268,400 | 30.6 |
| STG Investments Pty Ltd(2) | 57,773,600 | 23.49 | 17,494,800 | 7.11 |
| Saw Lee Ping(2)(3) | 7,175,200 | 2.92 | 34,251,800 | 13.92 |
| Lemy Pty Ltd(2) | 3,028,100 | 1.23 | 17,494,800 | 7.11 |
| Leong Weng Yu(2)(4) | 5,290,400 | 2.15 | 20,522,900 | 8.34 |
| YSN Investments Pty Ltd(2) | 3,623,000 | 1.47 | 17,494,800 | 7.11 |
| Ng Yee Siang(2)(5) | 5,859,100 | 2.38 | 21,117,800 | 8.58 |
| KCPLP Investments Pty Ltd(2) | 3,183,600 | 1.29 | 17,494,800 | 7.11 |
| Pang Kher Chink(2)(6) | 5,290,400 | 2.15 | 20,678,400 | 8.41 |
| Tan Tee Ooi(2)(3) | 6,174,000 | 2.51 | 28,077,800 | 11.41 |
| Saw Tatt Jin(7) | 13,669,800 | 5.56 | 3,499,000 | 1.42 |
| Alpine Investments Pty Ltd(2) | 4,594,100 | 1.87 | 17,494,800 | 7.11 |
| Chua Seok Cheow(2)(8) | – | – | 22,088,900 | 8.98 |
| Ricgo Pty Ltd(2) | 2,339,100 | 0.95 | 17,494,800 | 7.11 |
| Richard Peter Godwin(2)(9) | 993,300 | 0.40 | 19,833,900 | 8.06 |
| JL Lee Investments Pty Ltd(2) | 3,154,200 | 1.28 | 17,494,800 | 7.11 |
| Lee Jian Hui(2)(10) | – | – | 21,429,600 | 8.71 |
| Caprice Development (S) Pte. Ltd. | 15,756,000 | 6.40 | – | – |
| Chou Geok Lin(11) | – | – | 15,756,000 | 6.40 |
| Centurion Equity Pty Limited | 17,494,800 | 7.11 | – | – |

Notes:

(1) Mr. Saw Tatt Ghee is treated as having an interest in 17,494,800 shares in the capital of the Company ("**Shares**") held by Centurion Equity Pty Limited (please see note 2) and 57,773,600 Shares held by STG Investments Pty Ltd.

Mr. Saw Tatt Ghee is the sole shareholder and director of STG Investments Pty Ltd. STG Investments Pty Ltd holds Shares as the trustee of the Tatt Ghee Saw Family Trust, a discretionary trust, and the beneficiaries of the Tatt Ghee Saw Family Trust are (a) Mr. Saw Tatt Ghee's spouse, Ms. Lee Siow Mei, (b) her children, which includes Ms. Emily Saw Zi Yi and Ms. Kaylee Saw Zi Yen, her spouse, Mr. Saw Tatt Ghee, and her parents, siblings and grandchildren, (c) spouses, children and grandchildren of the beneficiaries in (b), (d) any trustee of a trust which the beneficiaries in (a) and (b) have an interest in, (e) any entity which the beneficiaries in (a) and (b) or the trustee in (d) owns or holds, (f) any person or entity nominated by the appointor, and (g) any charity. The appointor of the Tatt Ghee Saw Family Trust is Mr. Saw Tatt Ghee, who has the power to, inter alia, remove and appoint a new trustee. The settlor of the trust is Mr. Saw Kee Guan, an unrelated third party, who is not entitled to any benefit under the trust. By virtue of Section 4 of the Securities and Futures Act (Cap. 289) ("SFA"), the beneficiaries of the Tatt Ghee Saw Family Trust are deemed to have an interest in the shares held by STG Investments Pty Ltd.

(2) Mr. Saw Tatt Ghee is the sole director and sole shareholder of Centurion Equity Pty Limited. Centurion Equity Pty Limited is the trustee of the Centurion Equity Trust, a fixed unit trust, and holds the Shares in trust for the unitholders. The unitholders of the Centurion Equity Trust are (a) STG Investments Pty Ltd (as trustee for the Tatt Ghee Saw Family Trust) which holds 51% of the units, (b) Ms. Saw Lee Ping (as trustee for the Tian & Young Family Trust) which holds 19% of the units, (c) Ricgo Pty Ltd which holds 6% of the units, (d) JL Lee Investments Pty Ltd which holds 5% of the units, (e) KCPLP Investments Pty Ltd which holds 6% of the units, (f) Lemy Pty Ltd which holds 6% of the units, (g) YSN Investments Pty Ltd which holds 6% of the units, and (h) Alpine Investments Pty Ltd which holds 1% of the units. By virtue of Section 4 of the SFA, the unitholders of the Centurion Equity Trust are deemed to have an interest in the Shares held by Centurion Equity Pty Limited.

Ms. Saw Lee Ping holds the units in Centurion Equity Trust as trustee for the Tian & Young Family Trust. The settlor of the Tian & Young Family Trust is Mr. Tan Tee Ooi, her spouse, and the beneficiaries are (a) the *corpus beneficiaries*, which comprise Ms. Saw Lee Ping and her children, Ms. Tan Xin Tian and Mr. Tan Jet Young, (b) the related beneficiaries of the *corpus beneficiaries*, which includes her spouse, Mr. Tan Tee Ooi, (c) any company which the beneficiaries in (b) is a shareholder or director of, and (d) any trust of which the beneficiaries in (b) or the company in (c) is entitled to a benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the Tian & Young Family Trust are treated as having an interest in the units of Centurion Equity Trust held by Ms. Saw Lee Ping.

(3) Ms. Saw Lee Ping is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2), 10,583,000 Shares held by Tan & Saw Investments Pty Ltd and 6,174,000 Shares held by Mr. Tan Tee Ooi. Ms. Saw Lee Ping is the director of Tan & Saw Investments Pty Ltd and holds 50% of its issued and paid-up share capital while her spouse, Mr. Tan Tee Ooi, holds the remaining 50% of its issued and paid-up share capital.

Tan & Saw Investments Pty Ltd is the trustee of the Tan & Saw Family Trust, a discretionary trust, and the named beneficiaries are Ms. Saw Lee Ping, Mr. Tan Tee Ooi and their children, Ms. Tan Xin Tian and Mr. Tan Jet Young. The beneficiaries have no entitlement to any part of the trust fund, and the trustee has the absolute discretion to distribute the income of the trust fund to the beneficiaries. The appointor of the trust is Ms. Saw Lee Ping, who has the power to, inter alia, remove and appoint a new trustee. The settlor of the trust is Mr. Saw Kee Guan, an unrelated third party, who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the Tan & Saw Family Trust are deemed to have an interest in the Company's shares held by Tan & Saw Investments Pty Ltd.

By virtue of Section 133(1) read with Section 133(4)(a) of the SFA, Ms. Saw Lee Ping is deemed to have an interest in the Shares held by her spouse, Mr. Tan Tee Ooi.

(4) Mr. Leong Weng Yu is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2) and 3,028,100 Shares held by Lemy Pty Ltd.

Mr. Leong Weng Yu is the sole director and sole shareholder of Lemy Pty Ltd which is the trustee of the Gnoel Trust, a discretionary trust. He is the sole named beneficiary under the trust, and the classes of eligible beneficiaries include, *inter alia*, (a) parents, spouse, children, grandchildren, siblings of Mr. Leong Weng Yu, (b) schools, universities, colleges and other educational bodies within or outside Australia, (c) companies of which the beneficiaries are a shareholder of, and (d) trustees of any trust in which the beneficiaries have an interest. The appointor of the trust is Mr. Leong Weng Yu, who has the power to, *inter alia*, remove and appoint a new trustee. The settlor of the trust is Mr. Kasem Ozaferovic, an unrelated third party who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the Gnoel Trust are deemed to have an interest in the Shares held by Lemy Pty Ltd.

(5) Mr. Ng Yee Siang is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2) and 3,623,000 Shares held by YSN Investments Pty Ltd.

Mr. Ng Yee Siang is the sole director and sole shareholder of YSN Investments Pty Ltd which is the trustee of the Ng Family Trust, a discretionary trust. The primary beneficiaries of the trust are Mr. Ng Yee Siang and Ms. Yi Han ("Primary Beneficiaries"), and the general beneficiaries include, *inter alia*, (a) the parents, siblings, spouse, grandparents and any descendant of the Primary Beneficiaries, (b) any educational body which a beneficiary attends or has attended, (c) any company in which a beneficiary has a shareholding interest, (d) any other trust under which a beneficiary is a beneficiary, and (e) any charity or religious body nominated by the trustee. The initial appointor of the trust is Mr. Ng Yee Siang, who has the power to, *inter alia*, remove and appoint a new trustee. The settlor of the trust is Mr. Saw Kee Guan, an unrelated third party, who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the Ng Family Trust are deemed to have an interest in the Shares held by YSN Investments Pty Ltd.

(6) Mr. Pang Kher Chink is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2) and 3,183,600 Shares held by KCPLP Investments Pty Ltd.

Mr. Pang Kher Chink is the sole director and sole shareholder of KCPLP Investments Pty Ltd which is the trustee of the KCPLP Family Trust, a discretionary trust. The beneficiaries under the trust include, *inter alia*, the primary beneficiaries, comprising Mr. Pang Kher Chink and his spouse, Ms. Thanh Ngoc Le Pang ("Specified Beneficiaries") and the classes of eligible beneficiaries include, *inter alia*, (a) parents, spouse, children, grandchildren, siblings of the Specified Beneficiaries, (b) schools, universities, colleges and other educational bodies within or outside Australia, (c) companies of which the beneficiaries are a shareholder of, and (d) trustees of any trust which the beneficiary has an interest. The appointor of the trust is Mr. Pang Kher Chink, who has the power to, *inter alia*, remove and appoint a new trustee. The settlor of the trust is Mr. Saw Kee Guan, an unrelated third party who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the KCPLP Family Trust are treated as having an interest in the Shares held by KCPLP Investments Pty Ltd.

(7) Mr. Saw Tatt Jin is treated as having an interest in 3,499,000 Shares held by Huizhet Investment Pty Ltd.

Mr. Saw Tatt Jin is a director and holds 25% of the entire issued and paid-up share capital of Huizhet Investment Pty Ltd. The remaining shares are held by his spouse, Ms. Lim Sze Nam, who is also a director of Huizhet Investment Pty Ltd, and his children, Mr. Saw Ken Hui and Mr. Saw Ken Zhet in equal proportions. Huizhet Investment Pty Ltd is the trustee for the HZ Family Trust, which is a direct lineal relatives trust. The named beneficiaries are Mr. Saw Tatt Jin, Ms. Lim Tze Nam, Mr. Saw Ken Hui and Mr. Saw Ken Zhet ("Named Beneficiaries"), and the classes of eligible beneficiaries include the parents, children and grandchildren of the Named Beneficiaries. The appointor of the trust is Mr. Saw Tatt Jin, who has the power to, *inter alia*, remove and appoint a new trustee. The settlor of the trust is Mr. Saw Kee Guan, an unrelated third party, who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the HZ Family Trust are deemed to have an interest in the Shares held by Huizhet Investment Pty Ltd.

(8) Ms. Chua Seok Cheow is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2) and 4,594,100 Shares held by Alpine Investments Pty Ltd.

Ms. Chua Seok Cheow is a director and the sole shareholder of Alpine Investments Pty Ltd. By virtue of Section 4 of the SFA, Ms. Chua Seok Cheow is deemed to have an interest in the shares held by Alpine Investments Pty Ltd.

(9) Mr. Richard Peter Godwin is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2) and 2,339,100 Shares held by Ricgo Pty Ltd.

Mr. Richard Peter Godwin is a director and the sole shareholder of Ricgo Pty Ltd. By virtue of Section 4 of the SFA, Mr. Richard Peter Godwin is deemed to have an interest in the shares held by Ricgo Pty Ltd.

(10) Mr. Lee Jian Hui, is treated as having an interest in 17,494,800 Shares held by Centurion Equity Pty Limited (please see note 2), 3,154,200 Shares held by JL Lee Investments Pty Ltd and 780,600 Shares held by JP In Enterprise Pty Ltd.

Mr. Lee Jian Hui is a director and holds 51% of the entire issued and paid-up share capital of JL Lee Investments Pty Ltd and the remaining shares are held by Ms. Tsang Ting Chi, his spouse. JL Lee Investments Pty Ltd is the trustee of the JL Lee Family Trust, a discretionary trust, of which the named beneficiaries are Mr. Lee Jian Hui and Ms. Tsang Ting Chi. The appointors of the trust are Mr. Lee Jian Hui and Ms. Tsang Ting Chi, and they have the power to, *inter alia*, remove the trustee and appoint a new one. The settlor of the trust is Siaw Kong, an unrelated third party who is not entitled to any benefit under the trust. By virtue of Section 4 of the SFA, the beneficiaries of the JL Lee Family Trust are deemed to have an interest in the Shares held by JL Lee Investments Pty Ltd.

Mr. Lee Jian Hui is also a director and holds 50% of the entire issued and paid-up share capital of JP In Enterprise Pty Ltd and the remaining 50% of the issued and paid-up share capital of JP In Enterprise Pty Ltd is held by Mr. Chu Weng Poh, an unrelated party. By virtue of Section 4 of the SFA, Mr. Lee Jian Hui is deemed to have an interest in the Shares held by JP In Enterprise Pty Ltd.

(11) Ms. Chou Geok Lin is the director and sole shareholder of Caprice Development (S) Pte. Ltd. By virtue of Section 4 of the SFA, Ms. Chou Geok Lin is deemed to have an interest in the Shares held by Caprice Development (S) Pte. Ltd.

## SHAREHOLDING STATISTICS
AS AT 13 SEPTEMBER 2019

**TWENTY LARGEST SHAREHOLDERS AS AT 13 SEPTEMBER 2019**

| No. | Name of Shareholders | Number of Shares | % |
|---|---|---|---|
| 1. | STG INVESTMENTS PTY LTD | 57,773,600 | 23.49 |
| 2. | UOB KAY HIAN PRIVATE LIMITED | 33,554,749 | 13.64 |
| 3. | CENTURION EQUITY PTY LIMITED | 17,494,800 | 7.11 |
| 4. | SAW TATT JIN | 13,669,800 | 5.56 |
| 5. | CITIBANK NOMINEES SINGAPORE PTE LTD | 11,160,900 | 4.54 |
| 6. | TAN & SAW INVESTMENTS PTY LTD | 10,583,000 | 4.30 |
| 7. | SAW LEE PING | 7,175,200 | 2.92 |
| 8. | TAN TEE OOI | 6,174,000 | 2.51 |
| 9. | DB NOMINEES (SINGAPORE) PTE LTD | 6,017,797 | 2.45 |
| 10. | NG YEE SIANG | 5,859,100 | 2.38 |
| 11. | LEONG WENG YU | 5,290,400 | 2.15 |
| 12. | PANG KHER CHINK | 5,290,400 | 2.15 |
| 13. | ALPINE INVESTMENTS PTY LTD | 4,594,100 | 1.87 |
| 14. | YSN INVESTMENTS PTY LTD | 3,623,000 | 1.47 |
| 15. | CREATIVE FOX PTY. LTD. | 3,543,120 | 1.44 |
| 16. | HUIZHET INVESTMENT PTY LTD | 3,499,000 | 1.42 |
| 17. | SAW TATT GHEE | 3,253,300 | 1.32 |
| 18. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. | 3,239,642 | 1.32 |
| 19. | KCPLP INVESTMENTS PTY LTD | 3,183,600 | 1.29 |
| 20. | JL LEE INVESTMENTS PTY LTD | 3,154,200 | 1.28 |

**PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS**

Based on the information available to the Company and to the best knowledge of the Directors, approximately 23.12% of the Company's shares are held in the hands of the public as at 13 September 2019. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

**ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED**
(Company Registration No. 201801590R)
(Incorporated In Singapore)

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of ST Group Food Industries Holdings Limited (the "**Company**") will be held at 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on Friday, 25 October 2019 at 9.30 a.m. for the following purposes:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 June 2019 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 114 of the Constitution of the Company:

| | | |
|---|---|---|
| Mr Chan Wee Kiang | (Retiring under Regulation 114) | **(Resolution 2)** |
| Mr Yap Zhi Chau | (Retiring under Regulation 114) | **(Resolution 3)** |
| Ms Saw Lee Ping | (Retiring under Regulation 114) | **(Resolution 4)** |
| Mr Peter Sim Swee Yam | (Retiring under Regulation 114) | **(Resolution 5)** |

*Mr Chan Wee Kiang will, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees and will be considered independent for the purposes of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").*

*Mr Yap Zhi Chau will, upon re-election as a Director of the Company, remain as Chairman of the Audit and Nominating Committees and member of the Remuneration Committee and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.*

*Mr Peter Sim Swee Yam will, upon re-election as a Director of the Company, remain as member of the Audit and Remuneration Committees and will be considered independent for the purposes of Rule 704(7) of the Catalist Rules.*

The information relating to Mr Chan Wee Kiang, Mr Yap Zhi Chau, Ms Saw Lee Ping and Mr Peter Sim Swee Yam as required under Rule 720(5) of Catalist Rules is set out on pages 27 to 30 of the Annual Report.

3. To approve the payment of Directors' fees of SGD124,500/- for the financial year ending 30 June 2020, to be paid quarterly in arrears. **(Resolution 6)**

4. To re-appoint Baker Tilly TFW LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares; and/or

(iii) notwithstanding that such authority may have ceased to be in force at the time that Instruments are to be issued, issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(i) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

## NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(A) new shares arising from the conversion or exercise of any convertible securities outstanding at the time of the passing of this Resolution;

(B) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(C) any subsequent bonus issue, consolidation or subdivision of shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 8)**

7. **Authority to grant awards and to allot and issue shares under the ST Group Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant awards under the prevailing ST Group Performance Share Plan ("**the Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of shares issued and/or issuable pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 9)**

By Order of the Board

Ngiam May Ling

Company Secretary

Date: 10 October 2019

**Explanatory Notes:**

(i) The Ordinary Resolution 8 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders.

(ii) The Ordinary Resolution 9 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the vesting of awards granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

**Notes:**

1. (a) A member who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote at the Annual General Meeting (the "**Meeting**").

   (b) A member who is a relevant intermediary, is entitled to appoint more than two proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than seventy-two (72) hours before the time appointed for holding the Meeting.

4. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time fixed for holding the Meeting in order for the Depositor to be entitled to attend and vote at the Meeting.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED**
**(Company Registration No. 201801590R)**
(Incorporated In The Republic of Singapore)

**IMPORTANT:**
A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 4 for the definition of "relevant intermediary").

## PROXY FORM

*(Please see notes overleaf before completing this Form)*

I/We*, ______________________________ (Name), NRIC/Passport number* ______________

of ______________________________________________________________ (Address)

being a member/members of ST Group Food Industries Holdings Limited (the "**Company**"), hereby appoint(s):

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of shares** | **%** |
| **Address** | | | |

and/or (delete as appropriate)

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings** | |
|---|---|---|---|
| | | **No. of shares** | **%** |
| **Address** | | | |

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting (the "**Meeting**") as my/our proxy/proxies to vote for me/us on my/our behalf at the Meeting of the Company to be held at 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 on 25 October 2019 at 9:30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the Meeting and at any adjournment thereof.

**(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)**

| **No.** | **Resolutions relating to:** | **Number of Votes For(1)** | **Number of Votes Against(1)** |
|---|---|---|---|
| 1 | Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2019 together with the Auditor's Report thereon | | |
| 2 | Re-election of Mr Chan Wee Kiang as a Director of the Company | | |
| 3 | Re-election of Mr Yap Zhi Chau as a Director of the Company | | |
| 4 | Re-election of Ms Saw Lee Ping as a Director of the Company | | |
| 5 | Re-election of Mr Peter Sim Swee Yam as a Director of the Company | | |
| 6 | Approval of Directors' fees amounting to SGD124,500/- for the financial year ending 30 June 2020 to be paid quarterly in arrears. | | |
| 7 | Re-appointment of Baker Tilly TFW LLP as Auditors of the Company | | |
| 8 | Authority to issue shares | | |
| 9 | Authority to grant awards and to allot and issue shares under the ST Group Performance Share Plan | | |

*(1) If you wish to exercise all your votes "For" or "Against", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this ________ day of ____________________ 2019

| **Total number of shares in:** | **No. of shares** |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

_________________________________
*Signature of Shareholder(s)*
*or, Common Seal of Corporate Shareholder*

*Delete where inapplicable

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Cap. 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the member, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of shares in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 not less than seventy-two (72) hours before the time appointed for the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 October 2019.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

STGROUP

*An F&B group with diversified portfolio of internationally popular brands*

**ST Group Food Industries Holdings Limited**
120 Turner Street, Port Melbourne, Victoria 3207, Australia
www.stgroup.net.au