STGROUP

Financial Year 2020

ANNUAL REPORT

ST Group Food Industries Holdings Limited

Company Registration Number: 201801590R

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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 food and beverage ("**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". The Group is also a franchisee of the "Go Noodle House" brand.

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, Franchise, Supply Chain 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 of restaurants and kiosks, 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 2020, the Group added more than 100 outlets across Australia, New Zealand, Malaysia and England, the United Kingdom.

As at 17 September 2020, ST Group had a network of 121 outlets comprising 44 Group-owned outlets and 77 outlets owned by its sub-franchisees and sub-licensees across its key geographical markets.

COMPETITIVE STRENGTHS

Able to identify new trends and adapt to changing consumer preferences to grow a diversified portfolio of brands.

An established franchisee system and good working relationships with landlords.

Established track record and strong network of sub-franchisees and sub-licencees.

Our Central Kitchen enables us to maintain high standard of food consistency and quality, lower operating and labour costs.

An entrepreneurial and dedicated management team with established track record.

AT A GLANCE

6
EXCLUSIVE FRANCHISE & LICENSED BRANDS

2
OWN DEVELOPED BRAND CONCEPTS

44
COMPANY OWNED OUTLETS

77
SUB-FRANCHISED & SUB-LICENSED OUTLETS

1
HACCP & ISO CERTIFIED CENTRAL KITCHEN

121
TOTAL NETWORK OUTLETS

4
COUNTRIES

As at 17 September 2020

OUR BRAND PORTFOLIO

As at 17 September 2020

Company Owned	7
Sub-Franchised	27
Total number of stores	34

PappaRich MALAYSIAN DELIGHTS

Exclusive Franchise Rights

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.

Company Owned	5
Sub-Licensed	23
Total number of stores	28

NENE CHICKEN 네네치킨 Happy Choice

Exclusive Franchise and License Rights

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.

Company Owned	14
Sub-Franchised	9
Total number of stores	23

Gong cha 貢茶

Exclusive Franchise Rights

Teas and juices experienced 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.

Company Owned	7
Sub-Franchised	8
Total number of stores	15

HOKKAIDO BAKED CHEESE TART

Exclusive Franchise Rights

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 and filled with a cheese mousse blend.

As at 17 September 2020

Company Owned	3
Total number of stores	3

IPPUDO

Exclusive Franchise Rights

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.

Company Owned	6
Sub-Franchised	4
Total number of stores	10

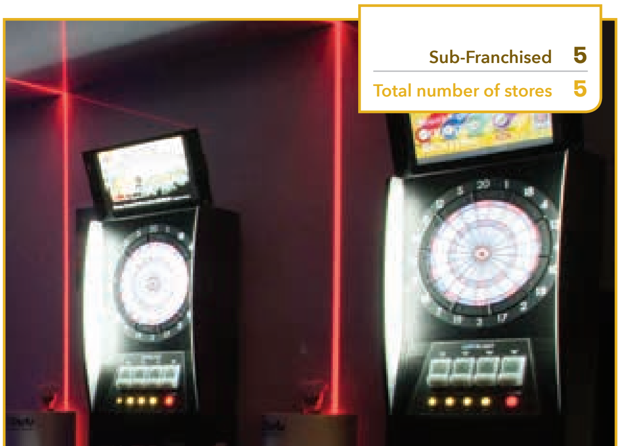
PAFU パフ

Own Brand Concept

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.

Sub-Franchised	5
Total number of stores	5



iDarts Australia

Exclusive Franchise Rights

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.

Company Owned	2
Sub-Franchised	1
Total number of stores	3

KURIMU クリーム JAPANESE CREAM CHOUX

Own Brand Concept

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 smooth custard. The Group conceptualised the "KURIMU" brand in 2019 following the success of "PAFU".

OUR NETWORK

As at 30 June 2020

GLOBAL NETWORK

PappaRich
7 | 22

NeNe Chicken
2 | 16

Hokkaido Baked Cheese Tart
8 | 7

iDarts
5

PAFU
6 | 4

Ippudo
2

KURIMU
2

PappaRich
5

Gong Cha
10 | 7

Ippudo
1

NeNe Chicken
4 | 6

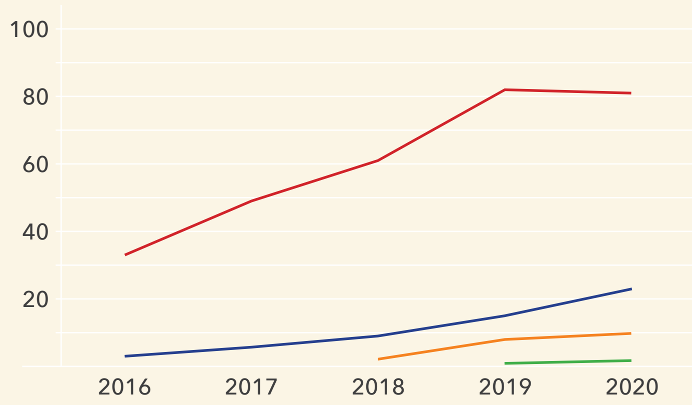
Gong Cha
2

Legend
Solid colour – Company Owned
Dotted Pattern – Sub-Franchised / Sub-Licensed

Legend
- PappaRich
- NeNe Chicken
- Gong Cha
- Hokkaido Baked Cheese Tart
- iDarts
- PAFU
- Ippudo
- KURIMU

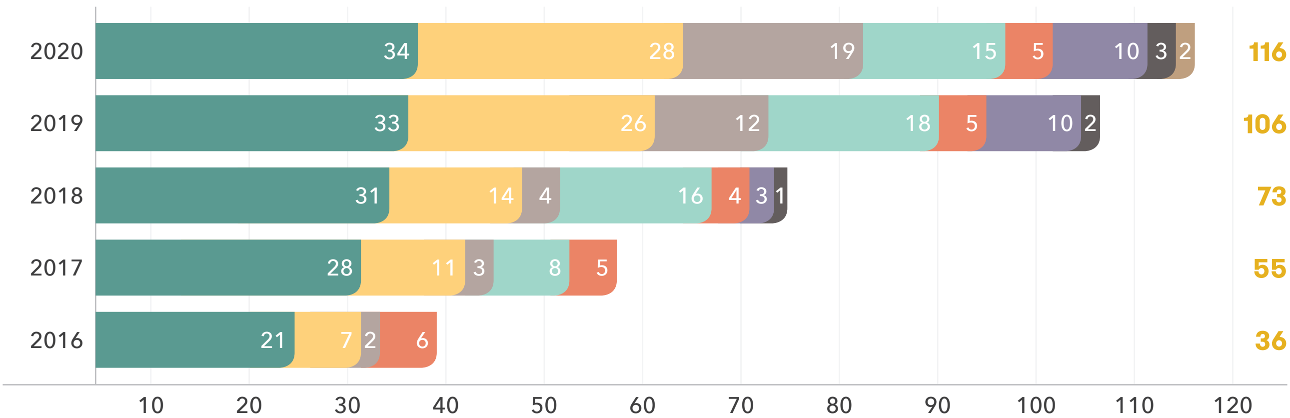
GROWTH BY GEOGRAPHICAL REACH

Number of Outlets



Legend
- Australia
- New Zealand
- Malaysia
- England, UK

GROWTH IN NETWORK BY BRANDS



KEY MILESTONES & AWARDS

2019
Created group-owned brand "KURIMU" Japanese cream choux pastries, first outlet in Melbourne, Australia.
Opened first "Gong Cha" outlet in England, United Kingdom

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

Awarded: Apr 2014
Expiry: Apr 2021

PappaRich Central (Melbourne) Pty Ltd
Awarding Organisation:
HACCP Australia Pty Ltd

ISO 9001:2015 Quality Management

Granted: Feb 2018
Expiry: Feb 2021

PappaRich Central (Melbourne) Pty Ltd
Awarding Organisation:
ICG Compliance Pty Ltd

AWARDS

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

Year
2018 - 2019

NeNe Chicken
Awarding Organisation:
The BrandLaureate Malaysia

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

Month / Year:
Jan 2018 - Jul 2018

PappaRich
Awarding Organisation:
Chadstone Shopping Centre Melbourne, Australia

Lord Mayor's Choice Award

Year
2018

PappaRich
Awarding Organisation:
Lord Mayor Andrew Wilson Parramatta, Sydney, Australia

Best Café of the Year 2018

Year
2018

Gong Cha Newmarket
Awarding Organisation:
Newmarket Business Awards 2018, New Zealand

Fast 50 Contender

Year
2018

Gong Cha
Awarding Organisation:
Deloitte Fast 50 2018 Regional Awards, New Zealand

Best New Concept

Year
2017

ST Group, Hokkaido Baked Cheese Tart
Awarding Organisation:
QSR Media Detpak Awards 2017, Australia

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

Year
2017

PappaRich Express
Awarding Organisation:
City of Manningham Victoria, Australia

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

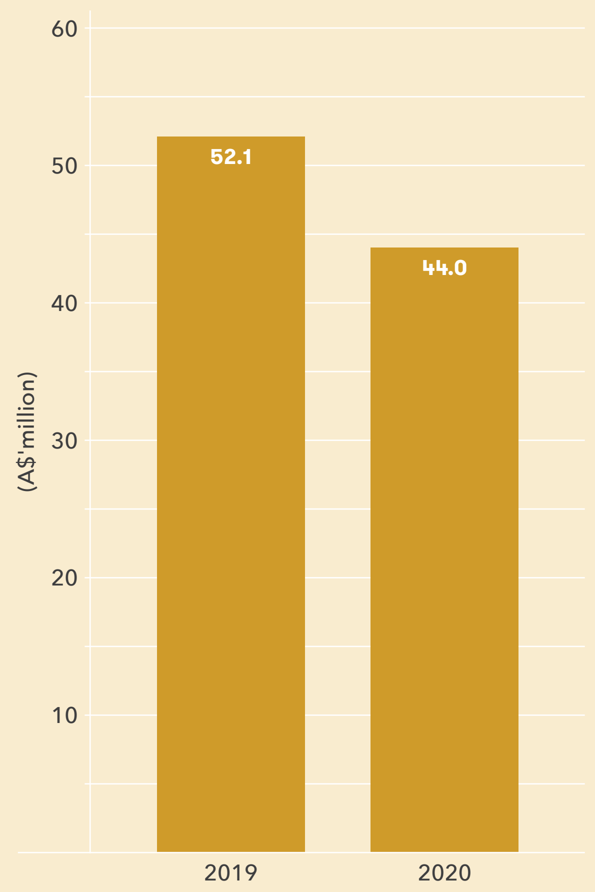
Year
2017

PPR Co Outlets Pty Ltd
Awarding Organisation:
City of Monash Public Health Unit, Australia

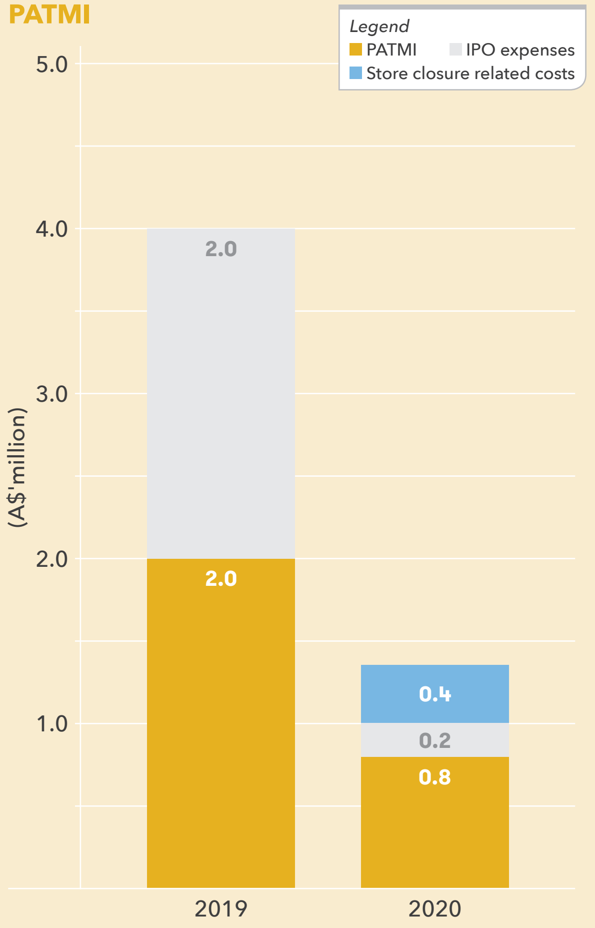
FINANCIAL HIGHLIGHTS

Financial year ended 30 June

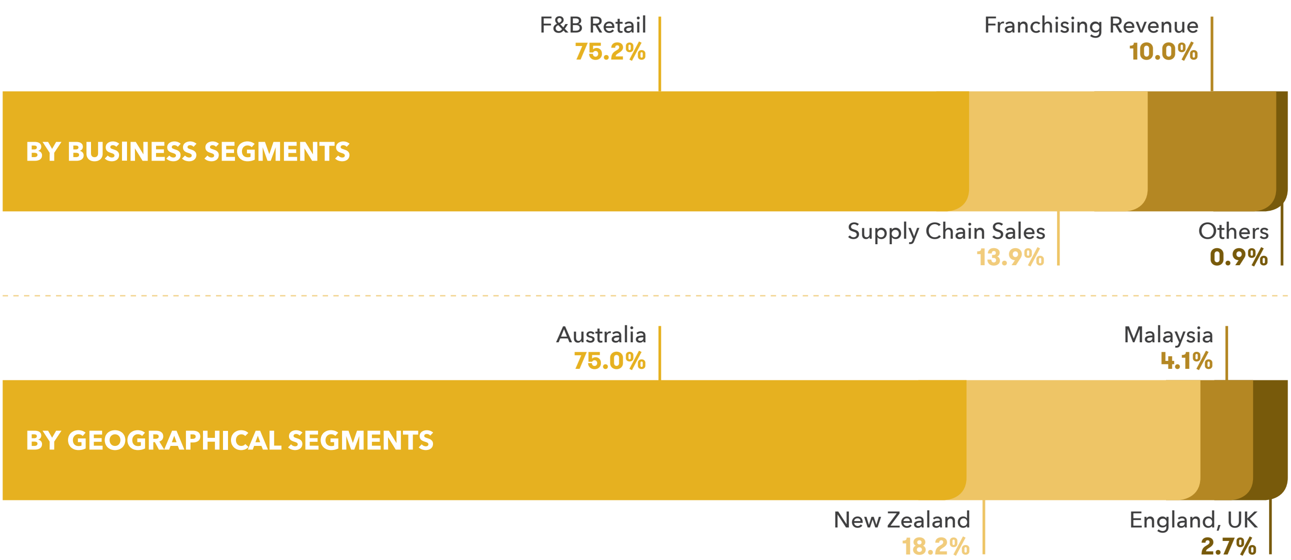
REVENUE



PATMI



REVENUE BREAKDOWN



INCOME STATEMENT	2020 A$'000	2019 A$'000
Revenue	44,010	52,145
Other income	4,317	1,458

Revenue by Business Segments		
Food & beverage retails	33,089	35,049
Supply chain	6,108	9,505
Franchising revenue	4,426	7,109
Others	387	482
Total	**44,010**	**52,145**

Revenue by Geographical Segments		
Australia	33,014	43,723
New Zealand	8,031	5,053
Malaysia	1,791	3,272
United Kingdom	1,174	97
Total	**44,010**	**52,145**

Profits & Earnings per Share		
Profit before taxation	863	4,300
Profit attributable to equity holders of the Company	849	1,954
Profit before taxation includes the following expenses :-		
IPO expenses	*248*	*2,919*
Amortisation expense	*333*	*256*
Depreciation on property, plant & equipment	*2,818*	*2,365*
Depreciation on right-of-use assets	*4,878*	*-*
Finance costs for lease liabilities	*1,508*	*83*
Finance costs for borrowings and other	*112*	*124*
Property, plant and equipment written off	*554*	*185*
Impairment losses on trade and other receivables	*154*	*-*
Basic and diluted earnings per shares ($A cents)	0.35	0.79

FINANCIAL POSITION	2020 A$'000	2019 A$'000
Total assets	61,206	34,243
Total liabilities	39,419	18,775
Equity attributable to the equity holders of the Company	19,921	12,553
Cash and fixed deposits with financial institution	10,502	6,054
Borrowings with financial institution*	1,410	1,713

** Excludes finance lease liabilities*

MESSAGE FROM OUR CHAIRMAN & CEO

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**") annual report for the financial year ended 30 June 2020 ("**FY2020**").

FY2020 has been a challenging year as the unprecedented COVID-19 pandemic took its toll on the global economy. Notwithstanding the widespread implications on a global scale, the food and beverage ("**F&B**") industry was among the sectors that took the brunt as a result of the lockdowns and restrictions across the Group's key geographical markets of Australia, New Zealand, Malaysia and the United Kingdom (the "**UK**").

Despite the backdrop of a prolonged pandemic and global economies heading into recession, I am heartened to say that the Group remained nimble and agile, and undertook quick and decisive measures to successfully mitigate and manage the impact to its operations.

FINANCIAL PERFORMANCE

Amid a challenging operating landscape, the Group achieved revenue of A$44.0 million in FY2020 as the decline in revenue from the financial year ended 30 June 2019 ("**FY2019**") was partially mitigated by an increase in the number of Group-owned and sub-franchised and sub-licensed outlets.

The total number of Group-owned outlets increased by three from 41 outlets as at 30 June 2019 to 44 outlets as at 30 June 2020. Supported by the growing number of Group-owned outlets, the F&B retail sales segment continued to be the major contributor to the Group's total revenue, recording revenue of A$33.1 million in FY2020.

The Group's supply chain sales segment, which mainly involves the sale of F&B ingredients and other supplies to its sub-franchisees and sub-licensees, achieved revenue of A$6.1 million in FY2020. The segment continues to support the Group's network of sub-franchisees and sub-licensees, which recorded an increase in the number of outlets by seven, from 65 outlets as at 30 June 2019 to 72 outlets as at 30 June 2020.

Franchise revenue declined 37.7% to A$4.4 million in FY2020 from A$7.1 million in FY2019, due to a A$2.4 million decrease in project income, attributable to the lower level of activity relating to the renovation and fitting-out of new outlets for sub-franchisees and sub-licensees.

As the Group continued to expand its number of Group-owned outlets, depreciation expense increased to A$7.7 million in FY2020, comprising A$4.9 million depreciation on right-of-use assets and A$2.8 million depreciation on property, plant and equipment. The depreciation on property, plant and equipment increased to A$2.8 million in FY2020, due mainly to addition of new equipment, furniture and fittings for new Group-owned outlets which opened during the year, as well as full year depreciation of outlets that opened in FY2019. The Group also recorded a one-off IPO expense of A$0.2 million and store closures related costs of A$0.6 million.

As a result of the above, the Group's net profit attributable to equity holders of the Company decreased by 56.6% to A$0.8 million in FY2020. Despite this, I am highly encouraged by ST Group's ability to remain profitable, especially during these unprecedented times.

FINANCIAL POSITION

CURRENT ASSETS

The Group's current assets increased by A$3.7 million, from A$12.1 million as at 30 June 2019 to A$15.9 million as at 30 June 2020. This was mainly due to an increase in cash and bank balances of A$2.6 million and fixed deposit of A$1.6 million placed with a licensed financial institution.

NON-CURRENT ASSETS

The Group's non-current assets increased by A$23.2 million, from A$22.1 million as at 30 June 2019 to A$45.4 million as at 30 June 2020. The increase was mainly attributable to the adoption of Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 16 Leases in FY2020, which included an increase in right-of-use assets of A$22.8 million, an increase in deferred tax assets of A$0.9 million, as well as an increase in trade and other receivables of A$0.9 million.

CURRENT LIABILITIES

The Group's current liabilities increased by A$1.9 million, from A$14.1 million as at 30 June 2019 to A$16.0 million as at 30 June 2020, due mainly to an increase in lease liabilities of A$6.4 million on adoption of SFRS(I) 16 in FY2020, offset by a decrease in trade and other payables of A$4.0 million.

NON-CURRENT LIABILITIES

The Group's non-current liabilities increased by A$18.8 million, from A$4.7 million as at 30 June 2019 to A$23.5 million as at 30 June 2020, mainly due to recognition of lease liabilities of A$22.3 million on adoption of SFRS(I) 16 in FY2020.

SHAREHOLDERS' EQUITY

The Group's equity attributable to equity holders of the Company increased by A$7.4 million from A$12.6 million as at 30 June 2019 to A$19.9 million as at 30 June 2020. The increase was mainly due to funds raised from the Group's initial public offering and the net profit of A$0.8 million achieved by the Group in FY2020.

STATEMENT OF CASH FLOW

The Group generated net cash from operating activities before changes in working capital of A$11.1 million. Net cash used for working capital amounted to A$3.8 million, due mainly to payment of IPO expenses accrued of A$1.5 million, a decrease in trade payables of A$1.0 million as the Group reduced raw material purchases due to the overall decrease in F&B retail sales and supply chain sales, and a net decrease of A$0.4 million in contract liabilities balances due to recognition of project income and franchise fees in FY2020.

Net cash used in investing activities amounted to A$3.5 million, due mainly to additions to property, plant and equipment of A$3.6 million as we expanded our operations and increased our number of outlets.

Net cash generated from financing activities amounted to A$1.8 million, due mainly to proceeds from issuance of ordinary shares on IPO of A$9.7 million, partially offset by repayment of bank borrowings of A$0.5 million, repayment of lease liabilities of A$3.4 million, interest paid on lease liabilities and bank borrowings of A$1.4 million, dividends paid to shareholders and non-controlling interests of A$1.5 million, and purchases of treasury shares of A$0.9 million.

As a result of the above, net cash and cash equivalents increased by A$4.3 million in FY2020.


Ippudo Newmarket, first outlet in New Zealand opened in October 2019

AGILE AND ADAPTABLE

As a result of the COVID-19 pandemic, changes in regulations for F&B operators, such as social distancing and the suspension of dine-in services, have universally impacted F&B establishments at the global level. The crisis has also triggered a sudden shift in the dining habits of consumers from dining-in to delivery.

As an essential service, we are able to continue our business operations despite the lockdowns and restrictions, turning our focus towards e-commerce and delivery options to mitigate the loss in revenue from our dine-in services. Leveraging on our ability to remain agile and adaptable, we digitised our offerings by onboarding the majority of our brands on online food delivery platforms, supported by our own delivery services for selected brands. We are pleased that these platforms have extended our reach to a wider spectrum of consumers and allows our customers to enjoy our F&B offerings from the comfort of their homes.

In addition, the Group will also explore new sales channels as well as focus on sales and marketing activities, to adapt to the new business environment.

STRENGTHENING BONDS

The lockdowns across our key geographical markets have impacted the Group's business operations as well as that of our sub-franchisees and sub-licensees. Notably, F&B operators are obligated to continue paying rent despite the suspension of dine-in services.

Recognising the challenging situation, ST Group has extended assistance to our sub-franchisees and sub-licensees on a case-by-case basis. Given our established working relationships with our landlords, we negotiated with our landlords, on behalf of our sub-franchisees and sub-licensees for rental waivers and in other cases, lower rental rates for the F&B retail outlets in our network.

Through our initiatives in assisting our sub-franchisees and sub-licensees in times of need, we continue to strengthen and deepen our relationships with them.

OPPORTUNITIES AMID ADVERSITY

Since the onset of COVID-19, rental rates have fallen across our key geographical markets as F&B operators and other retail businesses held back on their expansion plans. However, as an entrepreneurial team, we view the crisis as an opportunity to secure lower rental rates at prime locations as we prepare to ride the recovery once the business environment fully adapts to the new normal.

In recognition of our commitment and unstinting support, many of our sub-franchisees and sub-licensees have expressed interest in sub-franchising or sub-licensing other brands or new outlets. As at 17 September 2020, the Group has signed contracts to open a total of seven Group-owned and sub-franchised/sub-licensed outlets across Australia, Malaysia and New Zealand by December 2020.

NEW BRANDS AND WIDER OFFERINGS

Our business has been built upon our ability to adapt to the evolving tastes and preferences of consumers. By capitalising on the trends in the market, we continue to introduce new food concepts and brands to capture a wider group of consumer segments.

As part of our portfolio diversification strategy, we are excited about the opening of our maiden "Go Noodle House" outlet in November 2020. The outlet, which will be located at Chadstone Shopping Centre in Melbourne, Australia, will be operated by the Group as a sub-franchisee. Go Noodle House is a popular Malaysian restaurant chain founded in 2014, which has since grown across Southeast Asia.

Having established a strong foothold by riding on the momentum of our portfolio of brands, we will continue to grow our brand portfolio by identifying suitable brands and food concepts that are in line with evolving food and beverage trends across the key geographical markets that we operate in.

Going forward, we will adopt a prudent approach as we continue to expand our network to deliver quality food to our customers across our existing markets and when the opportunity arises, further entrench our foothold in existing markets and to extend our footprint in new markets.

Newly launched, Melting Castella by Pafu

APPRECIATION AND ACKNOWLEDGEMENT

ST Group's success over the years can be attributed to the hard work and unwavering contribution from our Board members, management and staff. Our sub-franchisees and sub-licensees have also played an important role as we work closely, contributing to each other's success.

On behalf of the Board, I extend my sincere appreciation to our valued customers, shareholders, and business associates for their support and trust, which have enabled us to build on and achieve sustainable growth in the coming years.

I wish to thank the Directors for their astute leadership and invaluable insights in steering the Group ahead, our staff for their hard work and dedication during this challenging time, and our management team for their conviction to strengthen and grow the business despite the volatile environment that we operate in.

As we look forward to another rewarding year, I would like to congratulate Mr. Lim Hoe Keng, who was promoted to be the Group's Chief Financial Officer. Mr. Lim has extensive experience in the area of finance and has contributed to the Group's success since joining us in July 2018, and will continue to play a key role in our future growth and strategies.

We are currently operating in unprecedented times but are confident that we can deal with the challenges, return to sustainable growth, and most importantly, position the Group for long-term success.

Mr. Saw Tatt Ghee
Executive Chairman and CEO

BOARD OF DIRECTORS

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 18 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 and was re-elected on 25 October 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 and was re-elected on 25 October 2019.

A practising lawyer with over 38 years of experience and director of his own law firm, Sim Law Practice LLC. Mr. Sim is also an independent director of Haw Par Corporation Limited, Singapore Reinsurance Corporation Ltd and Lum Chang Holdings Limited, all of which are listed on the Singapore Stock Exchange.

He graduated in 1980 with a Bachelor of Laws (Hon) degree from the University of Singapore (now known as the National University of Singapore) and was called to the Singapore Bar in 1981. He is also a member of The Law Society of England & Wales (UK) since 1997.

Mr. Sim was awarded two National Awards, the Public Service Medal (Pingat Bakti Masyarakat) in August 2000 and the Public Service Star (Bintang Bakti Masyarakat) in August 2008.

MR. YAP ZHI CHAU

Independent Director

Mr. Yap Zhi Chau was appointed to the Board as an Independent Director on 10 June 2019 and was re-elected on 25 October 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

KEY MANAGEMENT

MR. LIM HOE KENG

Chief Financial Officer

Mr. Lim Hoe Keng was appointed as ST Group's Chief Financial Officer in September 2020. He 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 the 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.

Mr. Lim started his career with KPMG in 2006 and was an Audit Manager when he left KPMG Singapore in 2012. Subsequently, he was a Senior Manager of the Group Finance department at AmBank (M) Berhad from 2012 to 2014. Between 2014 to 2018, he held various senior finance and accounting roles, namely as a director in a boutique tax advisory firm, specialising in indirect taxes and as the Financial Controller of an international food and beverage group headquartered in Malaysia. He joined ST Group in 2018, overseeing the financial reporting requirements of the "Gong Cha" brands in New Zealand and United Kingdom.

Mr. Lim is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom.

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 Operations Manager of Oldtown QV (Aust) Pty Ltd, IPR (WA) Pty Ltd in Western Australia, IPR NZ Ltd in New Zealand and was responsible for the establishment of its outlets under the "IPPUDO" brand in Perth and New Zealand . 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. 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. 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 and 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 his role as a manager of 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 our Executive Director and CAO, Ms. Saw Lee Ping.

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 "Gong Cha" 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. LEE JIAN HUI

Operations Manager

Mr. Lee Jian Hui is an Operations Manager and is responsible for the overall management and oversight of the operations of the Group's PappaRich brand in Australia and New Zealand. Mr Lee is also involve in the establishment and development of corporate governance for the Group.

Mr. Lee was graduated in 2009 with a Bachelor of Business (Professional Accountancy) from Royal Melbourne Institute of Technology (RMIT), Melbourne, Australia and joined Oldtown QV (Aust) Pty Ltd as a Brand Development Manager in 2010. He then joined the Group as General Manager of PappaRich Australia Pty Ltd in November 2011. He was appointed as Operations Manager in February 2020.

MS. DAPHNE CHIN YING MUN

Operations Manager

Ms. Daphne Chin Ying Mun was appointed as an Operations Manager in February 2020. She is responsible for managing and overseeing the operations of Nene Chicken brand. She is also assisting with the establishment and expansion of Nene Chicken sub-franchise and sub-licence network in Australia and Malaysia.

She first joined ST Group in 2014 as a Business Development Manager of Nene Chicken Australia Pty Ltd where she was responsible for business development and overall management of Nene Chicken team in Australia.

Ms. Chin graduated with a Bachelor of Business (Economics and Finance) in 2011 and Master of Professional Accounting in 2013 from Royal Melbourne Institute of Technology.

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)*
Peter Sim Swee Yam
Chan Wee Kiang

NOMINATING COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

Cheam Heng Haw
Toh Li Ping, Angela

REGISTERED OFFICE

120 Robinson Road
#08-01
Singapore 068913
Tel: +65 6535 3600
Fax: + 65 6225 7725

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
(Member of the
Institute of Singapore Chartered Accountants)

Appointed since the financial year
ended 30 June 2019

CORPORATE GOVERNANCE REPORT

The board of directors ("**Board**" or "**Directors**") of ST Group Food Industries Holdings Limited ("**Company**" and, together with its subsidiaries, "**ST Group**" or "**Group**") is committed to maintaining high standards of corporate governance within the Group. The Board recognises that good corporate governance establishes and maintains a governance structure which is essential for preserving and enhancing the interests of all stakeholders of the Group. This report describes the Group's corporate governance framework and practices that were in place throughout the financial year ended 30 June ("**FY**") 2020. The Board confirms that the Group adheres to the principles and provisions of the Code of Corporate Governance 2018 ("**Code**") where applicable, relevant and practicable to the Group, the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") and the Companies Act (Chapter 50) of Singapore ("**Companies Act**"). Where there is any deviation from any provisions of the Code, an explanation has been provided in this report and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in its entirety.

PRINCIPLE 1: BOARD'S CONDUCT OF ITS AFFAIRS

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the Company's management ("**Management**") in 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 of the Company. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. To fulfil this role, the Board's responsibilities include:

(i) setting the code of conduct, 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, human and other resources are in place for the Group to achieve its objectives;

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

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

(v) reviewing the performance of the Group on a regular basis, including but not limited to approving announcements relating to the financial results and the audited financial statements of the Group, and timely announcements of material developments concerning the Group;

(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, investments and divestments, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions of a material nature, dividend payments (if any) and convening of shareholders' meetings, approving share buybacks, if any, and making decisions of all material transactions in the interests of the Group;

(viii) approving all Board appointments or re-appointments and appointments and promotion of key management personnel and employees who are related to any of the Directors, substantial shareholders of the Company ("**Shareholders**") or the Chief Executive Officer ("**CEO**") of the Company;

(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, key management personnel and employees who are related to the Directors or substantial Shareholders; and

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

Provision 1.1 – Director's conflicts of interest

All Directors conduct the appropriate due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict and abstain from voting on any resolution and making any recommendation and/or participating in respect of such decision. They are also required to avoid situations in which their own personal or business interests, directly or indirectly, conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he might have a potential conflict of interest, in relation to any matter, he is required to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself from participating in any discussion and abstain from voting on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors' resolutions in writing.

Provision 1.2 – Induction and training of Directors

All Directors, save for Mr. Peter Sim Swee Yam, have completed the prescribed mandatory training as specified under Schedule 1 of Practice Note 4D of the Catalist Rules ("**First-Time Director Mandatory Training**"). Mr. Peter Sim Swee Yam is not required to attend the First-Time Director Mandatory Training as he has prior experience as a director of public listed companies in Singapore.

Newly appointed Directors will receive appropriate training and orientation programmes to familiarise themselves with the operations of the Group and its businesses. The Company will also make the necessary arrangements for the newly appointed Directors to attend the First-Time Director Mandatory Training so as to familiarise themselves with the roles and responsibilities as a Director of a listed company in Singapore, if required.

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 the 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 updates to the requirements of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and other statutory and regulatory changes which may have an important bearing on the Group and the Directors' obligations to the Company, from time to time. Directors also have the opportunity to visit the Group's operational facilities and to meet with Management so as to gain a better understanding of the Group's business operations.

Provision 1.3 – Matters requiring Board's approval

The approval of the Board is required for any matter which is likely to have a material impact on the Group's business and/or financial position as well as matters other than those 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 business and/or financial position as well as matters other than those in the ordinary course of business, are, *inter alia*, as follows:

- financial results and audited financial statements;
- strategic plans;
- annual operating plan and budget;
- joint ventures, mergers, acquisitions, investments, divestments or other material changes in the Group's assets;
- Management changes or changes in effective control of the Company;

- firm evidence of significant improvement or deterioration in near term earnings prospects;
- subdivision of shares or stock dividends;
- acquisition or loss of significant contracts;
- significant new product or discovery;
- public or private sale of significant amount of additional securities of the Company;
- share buybacks;
- share option or share schemes;
- scrip dividend schemes;
- interested person transactions;
- provision or receipt of a significant amount of financial assistance;
- event of default under debt or other securities or financing or sale agreements;
- litigation;
- significant disputes with customers or suppliers, or with any parties;
- significant change in capital investment plans;
- 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;
- appointment and removal of Auditor and Company Secretary;
- valuation of the Group's assets that has a significant impact on the Group's financial position and/or performance;
- involuntary striking-off of the Company's subsidiaries;
- investigation on any Director or executive officer of the Company;
- loss of a major customer or a significant reduction of business with a major customer; and
- major disruption to supply of critical goods or services, if any.

Provision 1.4 – Delegation by the Board

The Board has delegated authority to three Board Committees, namely, the AC, the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), to enable them to oversee certain 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 the Board's approval. The minutes of Board Committee meetings, which record 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 with the power to make decisions, execute actions or make recommendations in their specific areas, respectively, and will report to the Board with their decisions and/or recommendations, the ultimate responsibility for the decisions and actions rests with the Board.

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

Name of Director		AC	RC	NC
Mr. Saw Tatt Ghee	(Executive Chairman and Chief Executive Officer)	–	–	M
Ms. Saw Lee Ping	(Executive Director and Chief Administrative Officer)	–	–	–
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

Provision 1.5 – Board processes, including Directors' attendance at meetings

The Board meets at least on a semi-annual basis to review, *inter alia*, the financial results, accounting policies and audit plans and findings of the Group. Ad hoc meetings of the Board will be held as and when required to attend to any significant developments that may arise. Directors with multiple board representations on companies ensure that sufficient time and attention are given to the affairs of the Company.

Where physical Board or 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 or 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.

Details of Board and Board Committees' meetings and general meetings, i.e. annual general meeting ("**AGM**") and extraordinary general meeting ("**EGM**") of the Company held in FY2020 are summarised in the table below:

	General meetings						Board Committees' meetings					
	AGM		EGM		Board		AC		RC		NC	
Name of Directors	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Saw Tatt Ghee	1	1	1	1	3	3	–	–	–	–	1	1
Saw Lee Ping	1	1	1	1	3	3	–	–	–	–	–	–
Chan Wee Kiang	1	1	1	1	3	3	3	3	2	2	1	1
Peter Sim Swee Yam	1	1	1	1	3	3	3	3	2	2	–	–
Yap Zhi Chau	1	1	1	1	3	3	3	3	2	2	1	1

Provision 1.6 – Complete, adequate and timely information

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

The Executive Directors and Management keep the Board informed of the Group's business 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 for their review and to enable them to participate actively at the meetings. The Executive Directors and Management are present at Board and Board Committee' meetings to address any queries that the Board may have.

Provision 1.7 – Company Secretaries and independent professional advice

Board members have separate and independent access to Management and the Company Secretaries. The Company Secretaries and/or his/her representative(s) attend all Board and Board Committees' 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 Secretaries are subject to approval by the Board as a whole.

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.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

The Board has adopted a declaration of independence pursuant to provision 2.1 of the Code and Rule 406(3)(c) of the Catalist Rules.

Provisions 2.2 and 2.3 – Composition of (i) Independent Directors and (ii) Non-Executive Directors on the Board

The Board comprises two Executive Directors, namely, the Executive Chairman and CEO, and the Executive Director and Chief Administrative Officer, and three Independent and Non-Executive Directors. There is a strong and independent element on the Board, with Independent Directors making up a majority of the Board in accordance with provisions 2.2 and 2.3 of the Code.

No alternate director has been appointed by any Director.

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture in the Group. It recognises that a diverse Board of an appropriate size is an important element to achieve the Group's strategic objectives for sustainable development, avoid groupthink and foster constructive debates. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age and culture, background and nationalities, tenure of service and other distinguishing qualities of the Directors.

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 ensures that there is an appropriate mix of skills, knowledge, expertise, experience and diversity 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 and the requirements of the business.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors including, but not limited to, gender, age, nationality, cultural background, educational and professional background, experience, skills, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of age and gender, and expertise in areas such as accounting, finance, legal, knowledge of the Company's business, management and operations experience and strategic planning experience, knowledge, 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 NC will review the Board Diversity Policy from time to time as appropriate to ensure its effectiveness. The NC will also discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

Provision 2.5 – Role of Independent Directors

The Non-Executive and Independent Directors constructively challenge and help develop proposals on the Group's strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of the Group's business and financial performance.

All Independent Directors, led by the Lead Independent Director, will meet and hold regular discussions during the year without the presence of the Management and the Executive Directors. The Lead Independent Director will provide feedback to the Board and/or Chairman of the Board after such meetings so as to facilitate effective discussion between the Chairman of the Board and the Board on strategic issues and any other issues that may arise.

The Non-Executive and Independent Directors are also in frequent contact with one another outside the Board and Board Committees' meetings and hold regular informal discussions amongst themselves. Any feedback would be provided to the Board and/or Chairman of the Board as appropriate.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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 their duties with the assistance of the Chief Financial Officer ("**CFO**") and the Company Secretaries, 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 on 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 relevant laws, rules and regulations, 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 the Group, setting and executing the strategic directions 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 growth of its business. He plays a key role in developing the business of the Group and provides the Group with strong leadership and vision.

The Board believes that vesting the roles of both the Executive Chairman and CEO in Mr. Saw, who is most knowledgeable of the businesses of the Group, provides the Group with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. Nonetheless, any major decisions made by Mr. Saw are required to be reviewed and approved by the Board. Should Mr. Saw face any conflict of interest in a proposed transaction, he is required to recuse himself from discussions and decisions involving the issue of conflict. He is also required to avoid situations in which his own personal or business interests, directly or indirectly, conflict, or appear to create a potential conflict of interest, with the interests of the Group.

The Board believes that the following factors sufficiently ensure that power is not concentrated in the hands of one individual and that accountability and independent decision-making by the Board is maintained:

(i) Independent Directors make up a majority of the Board;

(ii) there is active participation by Independent Directors during Board meetings who challenge the assumptions and proposals of the Management on all relevant issues affecting the affairs and the business of the Group, review the performance of Management and monitor the reporting of performance; and

(iii) the Lead Independent Director has been appointed and is available to Shareholders who have concerns for which contact through the normal channels of communication with the Chairman of the Board and CEO, the Executive Director and Chief Administrative Officer ("**CAO**") or the CFO has failed to resolve such concerns or for which such contact is inappropriate or inadequate. In particular, the Lead Independent Director acts as the principal liaison between the Shareholders, Independent Directors, the Chairman of the Board and Management regarding sensitive issues.

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

Further, in line with the provisions of the Code, Mr. Chan Wee Kiang was appointed as Lead Independent Director of the Company to coordinate and lead the Independent Directors to provide a non-executive perspective and to contribute to a balanced viewpoint on the Board. The Lead Independent Director will lead and coordinate the activities of the Independent Directors and serve as a principal liaison on Board issues between the Independent Directors and the Board to (i) assist the Independent Directors on constructive discussion with Management; (ii) assist Management in developing goals and objectives; and (iii) review and monitor Management performance.

Accordingly, there is a balance of power and authority and, therefore, no one individual has unfettered powers and can control/dominate the decision-making process of the Company. The Board is not considering separating the roles of the Executive 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.

As such, consistent with the intent of principle 3 of the Code, the Board is of the opinion that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on the collective decision of the Board without any individual exercising any considerable concentration of power or influence.

PRINCIPLE 4: BOARD MEMBERSHIP

The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Provisions 4.1 and 4.2 – NC's duties and composition

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's responsibilities include, but are 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 the appointment and promotion of executive officers as well as the re-appointment 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, finance, legal, knowledge of the Company's business, management and operations experience and strategic planning experience, knowledge as well as familiarity with regulatory requirements;

(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 representations and other principal commitments;

(vi) making recommendations to the Board on the development of a process and criteria for evaluation of the 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 of the Company;

(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 and promotion of 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 Directors who are retiring by rotation for re-election by Shareholders having 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.

Provision 4.3 – Process for selection, appointment of new Directors

New Directors, if any, will continue to be selected based on objective criteria 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 the 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 structure, business operations, vision and values, strategic direction, policies and governance practices of the Group. 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.

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. Non-Executive Directors are given formal appointment letters setting out the terms of their appointment as well as their duties and obligations.

Provision 4.3 – Process for re-election/re-appointment of Directors

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.

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 AGM. A new Director appointed in between the AGMs must also submit himself for re-election at the next AGM following his appointment. 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 Group as well as Board processes, had recommended to the Board the re-election of Mr. Saw Tatt Ghee and Mr. Chan Wee Kiang, who will be retiring by rotation pursuant to Regulation 110 of the Company's Constitution at the forthcoming AGM.

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

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" 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.

Provision 4.4 – Review of Directors' independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, and as and when circumstances require, has adopted a declaration of independence form to confirm the independence of each Director ("**Confirmation of Independence Form**"). In addition, the NC requires each Independent 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 FY2020, 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 Independent Directors are related and do not have any relationships with the Company, its related corporations, its substantial Shareholders with a shareholding of 5% or more in the Company, 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.

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

Provision 4.5 – Directors' time commitment and multiple directorships

Pursuant to the NC's 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 from Directors, is of the view that such multiple board representations (where applicable) do not hinder each 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 Group. 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 and 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.

The information on Directors' position, date of initial appointment, date of last re-election and directorships/ chairmanships held by the 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	30 December 2018	Nil	Nil
Ms. Saw Lee Ping	Executive Director and CAO	10 June 2019	25 October 2019	Nil	Nil
Mr. Chan Wee Kiang	Lead Independent Director	10 June 2019	25 October 2019	Nil	Nil
Mr. Peter Sim Swee Yam	Independent Director	10 June 2019	25 October 2019	(a) Lum Chang Holdings Limited (b) Mun Siong Engineering Limited (c) Haw Par Corporation Limited (a) Singapore Reinsurance Corporation Limited	(a) Marco Polo Marine Ltd.
Mr. Yap Zhi Chau	Independent Director	10 June 2019	25 October 2019	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" section in this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process for assessing its effectiveness as a whole as well as the contribution by each Director to the Board, and of each of its Board Committees separately on an annual basis.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholder value of the Company. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and peer-assessment of each Director, the Chairman and its Board Committees to the effectiveness of the Board.

An evaluation of Board performance is conducted annually by the NC and each Director is required to complete a questionnaire approved by the Board, the performance criteria of which is as follows:

- size and composition of the Board;
- information provided to the Board;
- Board procedures;
- Board accountability;
- matters concerning the CEO/Management; and
- standard of conduct.

For FY2020, the NC has conducted the assessments on the effectiveness of the Board as a whole, peer-assessment of each Director and assessment of the Chairman. The Chairman of the respective Board Committees are also required to complete a questionnaire on the effectiveness of these Board Committees, which would be tabled at the NC for further discussion.

The peer assessment of individual Directors and assessment of the Chairman will be conducted annually and each of the Director is required to complete a questionnaire approved by the Board to assess the Directors (other than the Director concerned) and the Chairman, the performance criteria of which is as follows:

- Director's duties;
- leadership;
- communication skills and behaviour;
- strategy and risk management;
- Board contribution;
- knowledge;
- interaction; and
- overall assessment of performance as a Director.

Accordingly, the results of the (i) Board performance evaluation; (ii) peer assessment of the individual Directors and assessment of the Chairman; and (iii) respective Board Committees were collated by the corporate services provider of the Company and discussed at the NC meeting, with a view to implementing certain recommendations to further enhance the effectiveness of the Board and the Board Committees.

The NC is generally satisfied with the performance of the Board, individual Directors and the Board Committees for FY2020 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board and/or Board Committees' members who agreed to work on those areas that could be improved further. The NC will continue to evaluate its process for such review and its effectiveness from time to time.

To-date, no external facilitator has been engaged.

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

<u>Provisions 6.1 and 6.2 – RC's duties and composition</u>

The RC is regulated by a set of written terms of reference which are in line with the Code. The RC comprises three Independent 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's responsibilities include but are 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 by 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 by 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 recommending such targets as well as employee specific remuneration packages for each 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 Group and Key Management Personnel to successfully manage the Group, and to align the level and structure of remuneration with the long-term interests and risk policies of the Group;

(v) conducting an annual review of the specific remuneration packages of all managerial staff and employees who are related to any of the Directors, substantial Shareholders or CEO to ensure that their remuneration packages are in line with the Group'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.

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The RC's recommendations were made in consultation with the Executive Chairman and none of the members of the RC or any Director is involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

The Company has in place a service agreement for each Executive Director which sets out his/her 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 and CAO. 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.

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 Group, 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.

For FY2020, there were no termination, retirement and post-employment benefits granted to Directors and the Key Management Personnel (who are not Directors or the CEO).

No remuneration consultant was engaged in FY2020.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Provisions 7.1 to 7.3 and provision 8.3 – Level and mix of remuneration

The remuneration packages are established 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.

Framework for remuneration of Executive Directors and other Key Management Personnel

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.

The fixed component comprises basic salary and annual wage supplement while the variable component comprises variable bonus and contractual payments that are paid based on the Group and individual's performance. 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.

To ensure that the level and structure of remuneration is proportionate to the sustained performance and value creation of the Group, the Company has put in place a framework of remuneration for its Executive Directors and Key Management Personnel. The key areas of focus of the remuneration framework and details of the implementation within the Group are set out below:

Key Areas of Focus	
Pay for performance	• Instil and drive a pay-for-performance culture • Ensure that remuneration is closely linked to annual and long-term business objectives, key performance targets and indicators • Adjust the proportion of fixed and variable remuneration to emphasise sustainable performance that is aligned with the Group's strategic objectives, considering qualitative and quantitative factors
Competitive remuneration	• Benchmark total remuneration against other organisations of similar size, profitability and standing in the Group's industry
Accountability and risk-taking	• Focus on achieving risk-adjusted returns that are consistent with prudent risk taking and capital management as well as emphasis on long-term sustainable outcomes

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

The Company adopted the Plan on 10 June 2019 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 RC 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 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 RC, 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 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 2020, there were no awards granted under the Plan.

Remuneration framework of Independent Directors

The Independent Directors receive fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities, effort and time spent by such individuals. Such fees are paid subject to Shareholders' approval being obtained at the Company's AGM. The Independent Directors are not over-compensated to the extent that their independence is compromised.

Provisions 8.1 and 8.2 – Directors' remuneration/fees and remuneration of the CEO and remuneration of the top five Key Management Personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these Key Management Personnel

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 FY2020, 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.

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

The remuneration framework of Director's fee for each Independent Director is S$2,500 per month with an additional S$100 per month for being a member of each Board committee. Accordingly, the RC had recommended to the Board an amount of S$99,600 as Directors' fees for the financial year ending 30 June 2021, 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.

Directors and CEO

A breakdown of the level and mix of the remuneration of the Directors and the CEO for FY2020 is as follows:

Name of Director	Fees S$	(a)Fixed Component %	(b)Variable Component %	Benefits in Kind %	ST Group Performance Plan %	Total %
Between S$250,000 to S$500,000						
Mr. Saw Tatt Ghee	–	100	–	–	–	100
Below S$250,000						
Ms. Saw Lee Ping	–	100	–	–	–	100
Mr. Chan Wee Kiang	33,600	–	–	–	–	100
Mr. Peter Sim Swee Yam	32,400	–	–	–	–	100
Mr. Yap Zhi Chau	33,600	–	–	–	–	100

(a) Fixed component refers to base salary and annual wage supplement, if applicable, for FY2020.
(b) Variable component refers to variable or performance related bonus paid in FY2020.

Key Management Personnel

A breakdown of the level and mix of the remuneration of each of the top five Key Management Personnel (who are not Directors or the CEO) for FY2020 is as follows:

Name of Key Management Personnel	(a)Fixed Component %	(b)Variable Component %	Benefits in Kind %	ST Group Performance Plan %	Total %
S$100,000 to S$250,000					
Mr. Leong Weng Yu	100	–	–	–	100
Mr. Pang Kher Chink	100	–	–	–	100
Below S$100,000					
Ms. Chin Poh Yeen(1)	100	–	–	–	100
Mr. Tan Tee Ooi(2)	100	–	–	–	100
Mr. Ng Yee Siang	100	–	–	–	100

(a) Fixed component refers to base salary and annual wage supplement, if applicable, for FY2020.
(b) Variable component refers to variable or performance related bonus paid in FY2020.

(1) Ms. Chin Poh Yeen relinquished her position as executive officer of the Group on 25 September 2020 but remains as Financial Controller of the Group. Mr. Lim Hoe Keng was promoted from Accounts Manager to the CFO on 25 September 2020.
(2) Mr. Tan Tee Ooi is a substantial shareholder of the Company and the spouse of Ms. Saw Lee Ping, Executive Director and the CAO.

The aggregate remuneration paid to the top five Key Management Personnel for FY2020 was approximately S$475,785 (equivalent to A$512,423).

Due to the confidentiality and commercial sensitivity relating to remuneration matters, in particular, those of our Key Management Personnel, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each individual Director and the Key Management Personnel. However, the disclosures have been provided in applicable bands of S$250,000 for the Executive Directors and Key Management Personnel as above, with a breakdown in percentage of the remuneration earned through fees, fixed component, variable component, benefits in kind, and/or other long-term incentives. Despite having varied from Provision 8.1(a) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code, sufficient information has been disclosed for Shareholders' appreciation with respect to the Group's level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

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 S$100,000 for FY2020.

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board acknowledges that it is responsible for the overall internal control framework and maintaining a sound system of risk management and 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 Group's risk management and internal controls oversight are subsumed under the AC. Management regularly reviews the Group'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 Group's internal controls, addressing financial, operational, compliance and information technology risks, 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. In the review work performed by both the internal and external auditors for FY2020, no material weaknesses were noted. The AC will review the internal auditor's and external auditor's comments and findings and ensure that adequate and effective internal controls in the Group are implemented and any follow up actions promptly rectified.

Provision 9.2 – Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group's risk management and internal control systems

The Board has obtained a written confirmation from the Executive Chairman and CEO and the CFO that, 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 FY2020 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 for FY2020, the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective.

The Key Management Personnel have also provided their written 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 for FY2020, the Group's risk management and internal control systems addressing financial, operational, compliance and information technology risks, were adequate and effective.

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.

No known significant deficiencies or lapses in risk management and internal controls systems were noted for FY2020.

Rule 1204(10) of the Catalist Rules

Based on the risk management and internal controls established and maintained by the Group, work done by the internal auditors and external auditors, and the assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the system of risk management and internal controls of the Group are adequate and effective in addressing financial, operational, compliance and information technology risks for FY2020.

The Board notes that the internal control and risk management systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human errors, losses, fraud or other irregularities.

PRINCIPLE 10: AUDIT COMMITTEE

The Board has an Audit Committee which discharges its duties objectively.

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

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 to discharge their responsibilities. None of the AC members nor the AC Chairman are former partners or Directors of the Group's existing auditing firm or auditing corporation nor does any of them have any financial interests in the auditing firm or accounting corporation.

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 finance 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 (addressing financial, operational, compliance, and information technology risks) 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 and risk management systems;

(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 auditor and internal auditor 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) reviewing the assurance from the CEO and the CFO on the financial records and financial statements;

(xiv) 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;

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

(xvi) monitoring the procedures implemented by the Group to ensure compliance with the Fair Work Act 2009 (Cth) of Australia;

(xvii) monitoring the implementation by the Group of an enterprise planning software which will allow for automation of consolidation, and a perpetual inventory system;

(xviii) 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

(xix) 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.

Whistle Blowing

The Company has put in place a whistle-blowing policy which is in line with the Code and updated in accordance with the requirements of Pt 9.4AAA of the Corporations Act 2001 (Cth) of the Commonwealth of Australia. The whistle-blowing policy provides well-defined and accessible channels in the Group through which staff and any other persons may in confidence, raise their concerns of 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 FY2020.

Summary of the AC's activities in FY2020

The AC meets with the Group's internal auditor, external auditor 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 FY2020, the AC had:

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

(ii) conducted a review of the non-audit services provided by the external auditor to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor as well as the cost effectiveness of the audit before confirming their re-nomination. The aggregate amount of fees paid or payable by the Group to the external auditors of the Company and the Company's subsidiaries for FY2020 amounted to A$218,100 for audit services and A$36,340 for non-audit services.

The external auditor 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 of 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 AC is satisfied that the appointment of a different auditing firm for its foreign-incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The auditors of the Group's subsidiaries are disclosed under Note 14 of the Notes to the Financial Statements on pages 86 to 91 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 auditor of the Company for FY2021 at the forthcoming AGM, based on their performance and the quality of their audit.

The external auditor and the CFO 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 auditor 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.

Provision 10.4 – Internal Audit
Rule 1204(10C) of the Catalist Rules

The Group has also outsourced its internal audit function to Nexia TS Risk Advisory Pte. Ltd. as its internal auditor. The internal audit team, comprising members with relevant qualifications and experience, carry out the internal audit function 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 auditor 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 auditor was approved by the AC. The internal auditor has unfettered access to all the Group'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 FY2020, the AC had reviewed and is satisfied that the internal audit function is independent, effective and adequately resourced and accordingly the internal audit function has the appropriate standing within the Group and is able to perform its functions effectively and objectively as required under Rule 1204(10C) of the Catalist Rules.

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Provisions 11.1 to 11.5 – Participation and voting at general meetings of Shareholders

General meetings are the principal forum for dialogue with Shareholders. Shareholders are encouraged to attend the general meetings 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 are 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 meetings.

Regulation 99 of the Constitution of the Company provides that subject to the Constitution and any applicable legislation, the Board 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. However, the Board has not implemented any voting methods to allow Shareholders to vote by way of electronic mail or facsimile as such voting methods would need to be cautiously evaluated to ensure that the authenticity of the vote and the Shareholder's identity is not compromised.

Nonetheless, 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 general meeting. A member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the general 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 registered office address not less than 72 hours before the general meeting.

The Company tables separate resolutions at general meetings of Shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal with the relevant explanation for the interdependency provided in the notice of meeting.

All the Directors and the external auditors will be available at the forthcoming AGM to attend to queries raised by Shareholders. The Company Secretaries prepare minutes of all general meetings, which record substantial and relevant comments or queries from Shareholders relating to the agenda of such meetings, and responses from the Board and Management. Subject to statutory requirements, the Company currently does not publish its minutes of general meetings on its corporate website. However, the minutes are available to Shareholders upon request.

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.

In view of the COVID-19 (Temporary Measures) Act and guidance on the conduct of general meetings issued by the Monetary Authority of Singapore, the ACRA and the Singapore Exchange Regulation, the Company's forthcoming AGM for FY2020 will be held by way of electronic means and shareholders will NOT be allowed to attend the forthcoming AGM in person. Please refer to the Notice of AGM for further details. The Company will also publish the minutes of the forthcoming AGM on SGXNet within one month from the date of the forthcoming AGM. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the forthcoming AGM and responses from the Board and Management.

Provision 11.6 – Dividend Policy

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.

The Company had paid an interim dividend of A$0.005 per ordinary share on 13 March 2020. The Board did not recommend the payment of final dividend for FY2020 in light of the need to conserve cash due to the uncertainties caused by the COVID-19 pandemic.

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Provisions 12.1 to 12.3 – Interaction/engagement with Shareholders

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 general meetings, 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.

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

The Group values dialogue sessions with the Shareholders. During general meetings of the Company, the Board devotes time and attention to address questions from and concerns raised by Shareholders and the Directors are generally present for the entire duration of the meetings. The chairman of the meeting will also endeavour to facilitate constructive dialogue between Shareholders and the Board. In addition, members of the Board and Key Management Personnel make themselves available to interact with Shareholders both before and after general meetings. The Group believes in regular, effective and fair communication with Shareholders and is committed to hearing Shareholders' views and addressing their concerns.

In addition to the abovementioned channels of communication with Shareholders and the investment community, Management proactively engages them through group and one-on-one meetings, conference calls, email communications and investor conferences. The Shareholders may also contact the Company's investor relations consultant, Citigate Dewe Rogerson at 105 Cecil Street, #09-01 The Octagon, Singapore 069534 on any investor relations matter pertaining to the Group.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Board recognises the importance in maintaining positive stakeholder relationships, and adopts an inclusive approach in the management and engagement of the Group's stakeholders including customers, investors, regulators and employees.

Section 6.5 of Practice Note 7F of the Catalist Rules provides that sustainability reporting will be required from its first full financial year of listing for an issuer listed on or after 1 January 2017. Section 5.3 of Practice Notice 7F further states that to provide sufficient time for preparation, an issuer in its first year of reporting may report within 12 months of the end of its financial year.

As the Company was listed on 3 July 2019, its first full financial year of listing shall be in respect of FY2020. As such, the Company will be required to issue its first sustainability report ("**First SR Report**") no later than 12 months from the end of FY2020, i.e. no later than 30 June 2021. 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.

Provision 13.3 – Corporate website

The Group maintains and regularly updates its corporate website.

All materials on the Group's financial results, as well as the latest annual report of the Company, are available on the Company's website at http://stgroup.net.au/. The website also contains various other investor-related information about the Group which serves as an important resource for the Shareholders and all other stakeholders.

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 Group'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 of the Group are expected to observe insider trading laws at all times even when dealing in the Company's 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 FY2020, the Company has complied with Rule 1204(19) of the Catalist Rules.

INTERESTED PERSON TRANSACTIONS ("IPT")

The Group has 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 FY2020:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 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 S$100,000)**
Lease of 120 and 130 Turner Street, Port Melbourne, VIC 3207, Australia from SCL Property Australia Pty Ltd	A$600,185 (equivalent to approximately S$557,271)	–
Transactions with Idarts QV Pty Ltd	A$118,452 (equivalent to approximately S$109,983)	–
Total	A$718,637 (equivalent to approximately S$667,254)	–

Please refer to the Company's offer document dated 26 June 2019 for further details of the IPTs set out above.

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 FY2020, 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 INITIAL PUBLIC OFFERING ("IPO") PROCEEDS

The Company received net proceeds from its IPO of approximately S$6.2 million (the "**Net Proceeds**"). As at the date of this Annual Report, the Net Proceeds have been utilised as follows:

	Allocation of Net Proceeds (as disclosed in the Offer Document) (S$'000)	Net Proceeds utilised as at the date of this Annual Report (S$'000)	Balance of Net Proceeds as at the date of this Annual Report (S$'000)
Expansion of franchise network and introduction of new brands and concepts	4,000	2,343	1,657
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	387[1]	213
Total	6,200	2,730	3,470

[1] Comprises payment to suppliers for purchase of inventories and supplies.

The above use of Net Proceeds were in accordance with 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 was appointed as the continuing sponsor of the Company ("**Sponsor**") following its listing on the SGX-ST on 3 July 2019. In compliance with Rule 1204(21) of the Catalist Rules, there was no non-Sponsor related fees paid to the Sponsor for FY2020, save for fees and commissions arising from the IPO as disclosed in the Company's offer documented dated 26 June 2019.

ADDITIONAL INFORMATION

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

The following additional information on Mr. Saw Tatt Ghee and Mr. Chan Wee Kiang, both whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies on pages 14 to 15 of this Annual Report.

	Saw Tatt Ghee	**Chan Wee Kiang**
Date of Appointment	11 January 2018	10 June 2019
Date of last re-appointment (if applicable)	30 December 2018	25 October 2019
Age	40	42
Country of principal residence	Australia	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 Mr. Saw Tatt Ghee at Board and Board Committees' meetings, and in particular his contributions to the Company as well as Board processes, had recommended to the Board the re-election of Mr. Saw Tatt Ghee who will be retiring pursuant to Regulation 110 of the Company's Constitution at the forthcoming AGM. The Board supports the NC's recommendation. Mr. Saw Tatt Ghee 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 Mr. Chan Wee Kiang at Board and Board Committees' meetings, and in particular his 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 110 of the Company's Constitution at the forthcoming AGM. The Board supports the NC's recommendation. 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.
Whether appointment is executive, and if so, the area of responsibility	Executive 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.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer, and NC member	Lead Independent Director, Remuneration Committee Chairman and members of the Audit Committee and the NC

	Saw Tatt Ghee	Chan Wee Kiang
Professional qualifications	Please refer to the Directors' respective biographies on page 14 to 15 of this Annual Report.	
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on page 14 to 15 of this Annual Report.	
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 3,253,300 shares in the Company, deemed interest in 17,494,800 shares held by Centurion Equity Pty Limited and deemed interest in 57,773,600 shares held by STG Investments Pty Ltd.	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	Mr. Saw Tatt Ghee, Ms. Saw Lee Ping, the Executive Director and Chief Administrative Officer and Mr. Saw Tatt Jin, a Substantial Shareholder of the Company, are siblings.	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes/No	Yes	Yes
Other Principal Commitments*	Nil	Group Managing Director of PCCS Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.
Other Directorships for the past 5 years	BPC Australia Pty Ltd Dartslive Australia Pty Ltd Gateharvest Pty Ltd Golden Hope Corporation Pty Ltd (Deregistered) HBCT Co Outlets Pty Ltd HBCT Marketing Pty Ltd Idarts QV Pty Ltd IPR (WA) Pty Ltd IPR NZ Limited JCT (Chadstone) Pty Ltd JCT (Doncaster) Pty Ltd JCT Auckland Limited (Liquidated) JCT Queensland Pty Ltd MQ (NSW) Pty Ltd MQ Liverpool Pty Ltd Nene Chicken (Australia) Pty Ltd NN BH Pty Ltd NNC Food Industries Malaysia Sdn Bhd	Nil

	Saw Tatt Ghee	Chan Wee Kiang
	NV Drinks International Pafu Co Outlets Pty Ltd Papparich Indonesia Pte. Ltd. Papparich UK Pte. Ltd. Pd Ksquare Pty Ltd (Deregistered) PPR Ryde (NSW) Pty Ltd Roast Express Pty Ltd (Deregistered) STG Food Industries Malaysia Sdn Bhd TGR Food Industries Sdn Bhd	
Other Present Directorships	4D AUST PTY LTD Alpine Investments Pty Ltd Asian Delicious Cuisine Pty Ltd Breadtop Limited Centurion Equity Pty Limited Food Industry Holdings Pty Ltd GC (England) Pte. Ltd. GCHA (NZ) Pty Ltd Glomac Properties Pty Ltd Gong Cha England Limited Gong Cha England Outlets Limited Gong Cha Limited HBCT (Aust) Pty Ltd HBCT (NSW) Co Pty Ltd Idarts Australia Pty Ltd JCT ACT Pty Ltd JPG Enterprise Pty Ltd KT & SC & TG Investments Pty Ltd Nene Chicken Limited Oldtown Kopitiam Pty Ltd Pafu Australia Pty Ltd Pafu IP Holdings Pte. Ltd. Papparich (NZ) Pty Ltd Papparich Australia Pty Ltd Papparich Limited Papprich Central (Melbourne) Pty Ltd PPR Co Outlets Pty Ltd QVDarts Pty Ltd Saw Holdings Pty Ltd SCL Property Australia Pty Ltd ST Group Pty Ltd ST PPR (NZ) Pty Ltd STG 4T (Aust) Pty Ltd STG Beverage (NZ) Pty Ltd STG Confectionery 2 Pty Ltd STG Confectionery Pty Ltd STG Entertainment Pty Ltd STG Food Industries 3 Pty Ltd STG Food Industries 5 Pty Ltd STG Food Industries Pty Ltd STG Investments Pty Ltd STG Pafu Pty Ltd	PCCS Garments (Suzhou) Limited PCCS (Hong Kong) Limited Thirty Three (Hong Kong) Limited Thirty Three (Shanghai) Limited Harvest Trading (Shanghai) Limited Harvest Investment (Hong Kong) Limited Thirty Three (Australia) Pty Ltd Infinity Avenues Sdn Bhd Metro Living Sdn Bhd CCS Development Australia Pty Ltd WW Capital (Australia) Pty Ltd WW Capital (Labuan) Sdn Bhd Kings Park Ltd Xwing (M) Sdn Bhd CCS Capital Sdn Bhd La Prima Medicare Pte. Ltd. La Prima Medtech Sdn. Bhd.

	Saw Tatt Ghee	Chan Wee Kiang
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).	Not applicable	Not applicable

The Company confirms that the responses to the declaration for the items (a) to (k) of Appendix 7F of the Listing Manual: Rules of Catalist concerning the Directors to be re-elected are "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 2020.

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 53 to 112 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 2020 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
Chan Wee Kiang
Yap Zhi Chau
Peter Sim Swee Yam

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 1.7.2019**	**At 30.6.2020**	**At 21.7.2020**	**At 1.7.2019**	**At 30.6.2020**	**At 21.7.2020**
Company						
Saw Tatt Ghee	3,253,300	3,253,300	3,253,300	75,268,400	75,268,400	75,268,400
Saw Lee Ping	7,175,200	7,175,200	7,175,200	34,251,800	34,251,800	34,251,800
Yap Zhi Chau	–	1,460,000	1,460,000	–	–	–

Directors' interest in shares or debentures (Continued)

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.

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 1.7.2019	At 30.6.2020
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	50
Delicious Foodcraft Pty Ltd	90	90
Papparich Marketing Pty Ltd	–	50
TGR Food Industries Sdn Bhd	630	630
NNC Food Industries Malaysia Sdn Bhd	639,200	639,200
NNC F&B Restaurants Sdn Bhd	319,600	319,600
NNC Restaurants Damansara Sdn Bhd	89,488	89,488
NNC Food City Sdn Bhd	178,976	–
NNC Food Avenue Sdn Bhd	134,232	134,232
IPR (WA) Pty Ltd	51	51
IPR (NZ) Pty Ltd	65	70
BPC Australia Pty Ltd	55	55
Pafu IP Holdings Pte Ltd	8,300	8,300
GC (England) Pte. Ltd.	270,000	270,000
Gong Cha England Limited	60	60
Gong Cha England Outlets Limited	60	60
Gong Cha England Outlets 2 Limited	–	42

Material contracts

Save for the service agreement, there are no material contracts of the Group and of the Company involving the interests of the Executive Chairman and Chief Executive Officer, each other director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

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 Mr. Yap Zhi Chau, Mr. Chan Wee Kiang and Mr. 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.

(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 2020 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 Director	Saw Lee Ping Director

30 October 2020

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 9 to 84, which comprise the statements of financial position of the Group and of the Company as at 30 June 2020, 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 2020 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 period. 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.

Impairment assessment of investment in subsidiaries

Refer to Notes 2(w) and 14 to the financial statements.

Description of key audit matter:

At 30 June 2020, investment in subsidiaries totalled A$38,363,505 (2019: A$40,195,930) on the Company's statement of financial position. Management assessed that there are indicators that the cost of investment in subsidiaries is impaired as the cost of investment exceeds the Company's share of the net assets of the subsidiaries as at 30 June 2020. As such, management estimated the recoverable amount of the investment in subsidiaries to determine if any impairment loss should be recognised.

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment assessment of investment in subsidiaries (Continued)

Description of key audit matter (Continued):

Management determined the recoverable amount of the subsidiary based on its value in use ("**VIU**"), considering appropriate revenue growth rate, gross profit margin, terminal value and discount rate, and taking into account current market conditions due to COVID-19 pandemic.

We consider this to be a key audit matter because the estimation of the recoverable amount is highly subjective and involves significant management judgement relating to projected future cash flows that are affected by expected future market and economic conditions.

Our procedures to address key audit matter:

We obtained an understanding of the Group's budgeting process upon which the forecasts are based, and assessed the reasonableness of the key assumptions applied by management on the projected revenue growth rate, projected gross profit margin and the appropriateness of the terminal growth rates and discount rates. We involved our valuation specialists in assessing the reasonableness of the terminal growth rates and discount rates used, and considered management's analysis on the sensitivity of the carrying amounts to reasonable changes in the key assumptions. We also reviewed the adequacy and appropriateness of the disclosures concerning those key assumptions in the financial statements.

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.

Report on the Audit of the Financial Statements (Continued)

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 the Audit of the Financial Statements (Continued)

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 Mr. Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

30 October 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 2020 A$	Group 2019 A$
Revenue	4	**44,010,177**	52,144,689
Other income	5	**4,316,753**	1,457,871
Expenses			
Changes in inventories		**762,797**	442,652
Purchases of inventories		**(13,507,376)**	(14,181,939)
Franchise restaurants and stores related establishment costs		**(875,066)**	(2,353,868)
Rental expenses	12(a)	**(521,449)**	(5,459,454)
Staff costs	6	**(17,207,216)**	(16,328,477)
Depreciation of property, plant and equipment	11	**(2,817,554)**	(2,365,052)
Depreciation of right-of-use assets	12	**(4,877,602)**	–
Amortisation of intangible assets	13(b)	**(333,483)**	(255,632)
IPO expenses		**(247,896)**	(2,919,397)
Finance costs	7	**(1,619,677)**	(206,738)
Impairment losses on trade and other receivables		**(154,388)**	–
Other expenses	8	**(6,064,986)**	(5,674,293)
Profit before tax		**863,034**	4,300,362
Tax expense	9	**(627,546)**	(1,313,668)
Profit for the year		**235,488**	2,986,694
Other comprehensive (loss)/income:			
Item that is or may be reclassified subsequently to profit or loss:			
Currency translation differences on consolidation		**45,609**	14,667
Item that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income – fair value loss – equity instrument		**(63,888)**	–
Other comprehensive (loss)/income for the year, net of tax		**(18,279)**	14,667
Total comprehensive income for the year		**217,209**	3,001,361
Profit/(loss) attributable to:			
Equity holders of the Company		**848,858**	1,953,979
Non-controlling interests		**(613,370)**	1,032,715
Profit for the year		**235,488**	2,986,694
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**862,523**	1,968,646
Non-controlling interests		**(645,314)**	1,032,715
Total comprehensive income for the year		**217,209**	3,001,361
Earnings per share for profit attributable to equity holders of the Company (cents per share)			
– Basic and diluted	10	**0.35**	0.79

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

STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2020

	Note	Group 2020 A$	Group 2019 A$	Company 2020 A$	Company 2019 A$
ASSETS					
Non-current assets					
Property, plant and equipment	11	**12,519,020**	13,717,296	**-**	–
Right-of-use assets	12	**22,838,366**	–	**-**	–
Intangible assets	13	**3,202,803**	3,541,376	**-**	–
Investment in subsidiaries	14	**-**	–	**38,363,505**	40,195,930
Financial assets at fair value through other comprehensive income	15	**-**	88,120	**-**	–
Deferred tax asset	16	**3,294,635**	2,418,675	**410,937**	545,832
Fixed deposits	17	**2,044,373**	1,856,293	**-**	–
Trade and other receivables	20	**1,453,168**	508,878	**-**	–
Total non-current assets		**45,352,365**	22,130,638	**38,774,442**	40,741,762
Current assets					
Contract assets	18	**65,115**	155,148	**-**	–
Inventories	19	**2,627,692**	1,886,739	**-**	–
Trade and other receivables	20	**4,703,056**	5,873,150	**9,686,626**	6,591,266
Fixed deposits	17	**1,611,834**	–	**1,579,964**	–
Cash and bank balances		**6,845,754**	4,197,272	**2,156,259**	561,134
Total current assets		**15,853,451**	12,112,309	**13,422,849**	7,152,400
Total assets		**61,205,816**	34,242,947	**52,197,291**	47,894,162
EQUITY AND LIABILITIES					
Equity					
Share capital	21	**57,200,620**	47,490,345	**57,200,620**	47,490,345
Treasury shares	21	**(899,238)**	–	**(899,238)**	–
Other reserves	22	**(39,509,084)**	(39,522,749)	**-**	–
Retained earnings		**3,128,294**	4,585,647	**(4,343,998)**	(1,265,983)
Equity attributable to equity holders of the Company, total		**19,920,592**	12,553,243	**51,957,384**	46,224,362
Non-controlling interests		**1,866,669**	2,914,641	**-**	–
Total equity		**21,787,261**	15,467,884	**51,957,384**	46,224,362
Non-current liabilities					
Borrowings	23	**335,095**	1,771,022	**-**	–
Lease liabilities	12	**22,296,848**	–	**-**	–
Trade and other payables	24	**-**	1,745,790	**-**	–
Contract liabilities	18	**831,799**	1,158,776	**-**	–
Total non-current liabilities		**23,463,742**	4,675,588	**-**	–
Current liabilities					
Trade and other payables	24	**5,904,736**	9,885,628	**239,907**	1,669,800
Contract liabilities	18	**535,355**	621,513	**-**	–
Borrowings	23	**1,074,914**	1,201,153	**-**	–
Lease liabilities	12	**6,388,729**	–	**-**	–
Tax payable		**2,051,079**	2,391,181	**-**	–
Total current liabilities		**15,954,813**	14,099,475	**239,907**	1,669,800
Total liabilities		**39,418,555**	18,775,063	**239,907**	1,669,800
Total equity and liabilities		**61,205,816**	34,242,947	**52,197,291**	47,894,162

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Share capital (Note 21) A$	Treasury shares A$	Other reserves (Note 22) A$	Retained earnings A$	Equity attributable to equity holders of the Company A$	Non-controlling interests A$	Total equity A$
Group								
Balance at 30 June 2019		47,490,345	–	(39,522,749)	4,585,647	12,553,243	2,914,641	15,467,884
Effect of SFRS(I) 16 adoption		–	–	–	(1,083,440)	(1,083,440)	(159,378)	(1,242,818)
Balance at 1 July 2019, restated		47,490,345	–	(39,522,749)	3,502,207	11,469,803	2,755,263	14,225,066
Profit/(loss) for the year		–	–	–	848,858	848,858	(613,370)	235,488
Other comprehensive income/(loss)								
Currency translation differences on consolidation		–	–	45,609	–	45,609	–	45,609
Fair value loss on financial asset through other comprehensive income		–	–	(31,944)	–	(31,944)	(31,944)	(63,888)
Other comprehensive income/(loss) for the financial year, net of tax		–	–	13,665	–	13,665	(31,944)	(18,279)
Total comprehensive income/(loss) for the year		–	–	13,665	848,858	862,523	(645,314)	217,209
Transactions with owners recognised directly in equity								
Issuance of new shares pursuant to the IPO	21	10,133,783	–	–	–	10,133,783	–	10,133,783
Capitalisation of share issue expenses	21	(423,508)	–	–	–	(423,508)	–	(423,508)
Purchases of treasury shares	21	–	(899,238)	–	–	(899,238)	–	(899,238)
Capital contributions from non-controlling interests in subsidiaries		–	–	–	–	–	83	83
Dividends	25	–	–	–	(1,222,771)	(1,222,771)	(325,000)	(1,547,771)
Deconsolidation of subsidiaries		–	–	–	–	–	81,637	81,637
Balance at 30 June 2020		**57,200,620**	**(899,238)**	**(39,509,084)**	**3,128,294**	**19,920,592**	**1,866,669**	**21,787,261**

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

	Note	Share capital (Note 21) A$	Other reserves (Note 22) A$	Retained earnings A$	Equity attributable to equity holders of the Company A$	Non-controlling interests A$	Total equity A$
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	21	10,693	–	–	10,693	–	10,693
Issuance of non-redeemable convertible preference shares	21	486,800	–	–	486,800	–	486,800
Issuance of ordinary shares pursuant to the call option	21	381,901	(380,230)	–	1,671	(12,484)	(10,813)
Issuance of ordinary shares pursuant to the conversion of non-redeemable convertible preference shares	21	7,176,221	–	–	7,176,221	–	7,176,221
Conversion of non-redeemable convertible preference shares	21	(7,176,221)	–	–	(7,176,221)	–	(7,176,221)
Issuance of ordinary shares pursuant to the restructuring exercise	21	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	25	–	–	(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.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Share capital A$	Treasury shares A$	Retained earnings A$	Total equity A$
Company					
Balance at 1 July 2019		47,490,345	–	(1,265,983)	46,224,362
Loss and total comprehensive loss for the financial year		–	–	(1,855,244)	(1,855,244)
Issuance of new shares pursuant to the IPO	21	10,133,783	–	–	10,133,783
Capitalisation of share issue expenses	21	(423,508)	–	–	(423,508)
Purchases of treasury shares	21	–	(899,238)	–	(899,238)
Dividends	25	–	–	(1,222,771)	(1,222,771)
Balance at 30 June 2020		**57,200,620**	**(899,238)**	**(4,343,998)**	**51,957,384**
Balance at 1 July 2019		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	21	10,693	–	–	10,693
Issuance of non-redeemable convertible preference shares	21	486,800	–	–	486,800
Issuance of ordinary shares pursuant to the call option	21	381,901	–	–	381,901
Issuance of ordinary shares pursuant to the conversion of non-redeemable convertible preference shares	21	7,176,221	–	–	7,176,221
Conversion of non-redeemable convertible preference shares	21	(7,176,221)	–	–	(7,176,221)
Issuance of ordinary shares pursuant to the restructuring exercise	21	39,911,967	–	–	39,911,967
Balance at 30 June 2019		47,490,345	–	(1,265,983)	46,224,362

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 2020 A$	Group 2019 A$
Cash flows from operating activities			
Total profit before tax		**863,034**	4,300,362
Adjustments for:			
Depreciation of property, plant and equipment		**2,817,554**	2,365,052
Depreciation of right-of-use assets		**4,877,602**	–
Amortisation		**333,483**	255,632
Gain on termination of leases		**(80,185)**	–
Fair value gain on re-measurement of pre-existing interest in an associate		**-**	(73,266)
Impairment losses on trade and other receivables		**154,388**	–
Interest income		**(103,425)**	(54,341)
Interest expenses		**1,619,677**	206,738
Property, plant and equipment written off		**553,607**	184,898
Loss on disposal of property, plant and equipment		**2,799**	76
Loss on deconsolidation of subsidiaries		**11,506**	–
Loss on disposal of right-of-use assets		**3,769**	–
Unrealised exchange loss		**81,891**	22,219
Operating cash flow before working capital changes		**11,135,700**	7,207,370
Inventories		**(741,154)**	(426,378)
Receivables and contract assets		**946,343**	(1,770,685)
Payables and contract liabilities		**(3,963,432)**	2,674,091
Currency translation adjustments		**(102,993)**	(84,870)
Cash generated from operations		**7,274,464**	7,599,528
Income tax paid		**(1,321,665)**	(1,849,424)
Net cash generated from operating activities		**5,952,799**	5,750,104
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**-**	(199,470)
Purchases of property, plant and equipment	11	**(3,553,130)**	(5,051,934)
Purchases of intangible assets	13(b)	**-**	(886,010)
Proceeds from disposal of property, plant and equipment		**22,647**	200
Repayment from related parties		**-**	22,722
Proceeds from disposal of financial assets at fair value through other comprehensive income		**-**	30,000
Proceeds from disposal of right-of-use assets		**10,000**	–
Interest received		**61,724**	54,341
Net cash used in investing activities		**(3,458,759)**	(6,030,151)

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

	Note	Group 2020 A$	Group 2019 A$
Cash flows from financing activities			
Proceeds from borrowings		**206,305**	1,046,809
Repayment of borrowings		**(450,675)**	(890,831)
Repayment of lease liabilities		**(3,357,006)**	–
Advances from non-controlling interests/third parties		**234,392**	745,206
Repayment to former shareholders of subsidiaries/related parties/non-controlling interests		**(969,925)**	(1,872,932)
Dividends paid to shareholders		**(1,222,771)**	(1,015,823)
Dividends paid to non-controlling interests		**(325,000)**	(410,000)
Interest paid		**(1,415,520)**	(206,738)
Increase in fixed deposits pledged		**(269,168)**	(844,673)
Capital contributions from non-controlling interests in subsidiaries		**83**	241,970
Proceeds from issuance of ordinary shares during IPO, net of share issue expenses	21	**9,710,275**	–
Purchases of treasury shares	21	**(899,238)**	–
Lease incentives received		**522,743**	–
Net cash generated from/(used in) financing activities		**1,764,495**	(3,207,012)
Net increase/(decrease) in cash and cash equivalents		**4,258,535**	(3,487,059)
Cash and cash equivalents at beginning of the financial year		**3,959,268**	7,428,815
Effects of exchange rate changes on cash and cash equivalents		**10,092**	17,512
Cash and cash equivalents at end of the financial year		**8,227,895**	3,959,268

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

	Note	2020 A$	2019 A$
Cash and bank balances		**6,845,754**	4,197,272
Fixed deposits	17	**3,656,207**	1,856,293
Less: Bank overdrafts	23	**(197,823)**	(238,004)
		10,304,138	5,815,561
Less: Fixed deposits (pledged)		**(2,076,243)**	(1,856,293)
Cash and cash equivalents per consolidated statement of cash flows		**8,227,895**	3,959,268

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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 on the preparation of the listing of the Company. 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 Company is listed on Catalist of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 3 July 2019.

The registered office and principal place of business of the Company is at 120 Robinson Road, #08-01, Singapore 068913.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group are presented in Australian dollar ("**A$**") 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 2(w) to the financial statements.

The carrying amounts of fixed deposits, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("**SFRS(I) INT**") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group except as disclosed in Note 3.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 30 June 2020 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.

(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 consist 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.

2 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 an 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.

Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term.

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 statement of financial position, 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 consolidation

The consolidated financial statements comprised 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (Continued)

Business combinations involving entities under common control

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

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 on the preparation of the listing of the Company on SGX-ST. Accordingly, the results of the Group included 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.

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 2(e) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation (Continued)

Business combinations using acquisition method (Continued)

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 SFRS(I).

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) 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.

(f) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment (Continued)

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.

(g) 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.

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

Gains or losses arising from de-recognition 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.

(h) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets excluding goodwill (Continued)

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.

(i) 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.

(j) Leases

The accounting policy for leases before 1 July 2019 is as follows:

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

The accounting policy for leases after 1 July 2019 is as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases (Continued)

The accounting policy for leases after 1 July 2019 is as follows: (Continued)

When a Group entity is the lessee (Continued)

Right-of-use assets (Continued)

The right-of use assets are presented as a separate line in the statements of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

When a Group entity is the intermediate lessor

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

(k) 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

Deferred income tax is provided on temporary differences arising on investment in subsidiaries, 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Income taxes (Continued)

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.

(l) Financial assets

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

Subsequent measurement

(a) Debt instruments

Debt instruments include fixed deposits, 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.

(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).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial assets (Continued)

Impairment (Continued)

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.

(m) 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.

(n) 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.

(o) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Share capital (Continued)

Treasury shares

When any entity within the Group purchases the Company's ordinary shares ("**treasury shares**"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of the capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve of the Company.

(p) 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.

(q) 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.

(r) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) 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 ("**A$**") is the currency that mainly influences sales prices for goods and services, labour, material and other costs of providing goods or services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services for Australia entities. Therefore, the management has determined that A$ 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 A$ 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 consolidated 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 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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.

(u) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(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).

Going concern assumption

As at 30 June 2020, the Group's current liabilities exceeded their current assets by A$101,362 (2019: A$1,987,166). The net working liabilities as at 30 June 2020 were mainly caused by the adoption of SFRS(I) 16 Leases as explained in Note 3. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cash flows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group is able to generate net cash inflows from its operating activities for a period of 12 months from the date that these financial statements were approved and to enable it to meet its financial obligations as and when they fall due.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 property, plant and equipment and right-of-use assets

Determining whether property, plant and equipment and right-of-use assets are impaired involved an estimation of the value in use. The value in use calculation requires the management to estimate future cash flows and a suitable discount rate in order to calculate the present value of the cash flows. The carrying amount of property, plant and equipment and right-of-use assets at the end of the reporting period is A$12,519,020 (2019: A$13,717,296) and A$22,838,366 (2019: A$Nil) as set out in Notes 11 and 12 respectively to the financial statements. Changes in assumptions made and discount rate applied could affect the carrying values of those assets.

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, the implications of the COVID-19 pandemic on the assumptions and the carrying value of the Group's goodwill at the end of the reporting period are disclosed in Note 13 to the financial statements. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

Impairment of investment in subsidiaries

Certain subsidiaries continue to incur operating losses or have been impacted in the current year due to the COVID-19 pandemic. There are indicators that the cost of investment in subsidiaries is impaired as the cost of investment exceeds the Company's share of net assets of these subsidiaries as at 30 June 2020.

Determining whether investment in subsidiaries is impaired involves an estimation of the value in use of these subsidiaries. The value in use calculation requires the management to estimate the future cash flows expected from the cash-generating unit and an appropriate discount rate in order to calculate the present value of the future cash flows. The key assumptions and estimates applied in the determination of the value in use, the implications of the COVID-19 pandemic on the assumptions, sensitivity analysis and the carrying amount of investment in subsidiaries are disclosed and further explained in Note 14 to the financial statements.

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 as well as the implications of the COVID-19 pandemic on the assumptions. 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 28(b).

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2020

SFRS(I) 16 *Leases*

When the Group is the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. 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.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 July 2019. The weighted average Group's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 5%.

	2020 A$
Operating lease commitments disclosed as at 30 June 2019	27,978,685
Discounted using the lessee's incremental borrowing rate	(5,142,673)
Add: finance lease liabilities recognised as at 30 June 2019	1,259,122
Add: adjustments as a result of a different treatment of extension options	4,174,704
Lease liability recognised as at 1 July 2019	28,269,838

Right-of-use assets are recognised on transition as if the standard has been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. Arising from the adoption of SFRS(I) 16, rights-of-use asset and lease liability of A$23,736,549 and A$28,269,838 respectively were recognised on the statements of financial position on 1 July 2019.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- account for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

When the Group is the intermediate lessor

The Group leases food and beverage outlets under head lease arrangements and subleases the outlet spaces to third parties as an intermediate lessor. Prior to adoption of SFRS(I) 16, the Group accounts the sublease as an operating lease and the rental income in respect of the sublease are recognised on a straight-line basis over the term of the sublease.

Upon adoption of SFRS(I) 16, the Group reassesses the classification of the sublease based on the right-of-use asset arising from the head lease (and not by the reference to the underlying asset as was the case under SFRS(I) 1-17). Because of this change, the Group has reclassified its sub-lease agreements as finance lease and A$967,210 of net investment in sublease was recognised on 1 July 2019 within "Trade and other receivables".

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2020 (CONTINUED)

SFRS(I) 16 *Leases* (Continued)

When the Group is the intermediate lessor (Continued)

The effect of adoption of SFRS(I) 16 on the Group's financial statements on 1 July 2019 are summarised as follows:

	Increase/ (decrease) A$
Property, plant and equipment	(1,283,617)
Deferred tax	503,200
Trade and other receivables	784,550
Borrowings	(1,259,122)
Trade and other payables	(2,027,216)
Retained earnings	(1,083,440)
Non-controlling interests	(159,378)
Others	(8,266)

4 REVENUE

	Group	
	2020 A$	2019 A$
Food and beverage retails	**33,089,092**	35,048,949
Supply chain	**6,107,894**	9,504,595
Franchise		
– Franchise fees and royalty income	**3,256,983**	3,553,698
– Project income	**1,169,372**	3,555,701
Others – Dartslive machine revenue	**386,836**	481,746
	44,010,177	52,144,689
Timing of revenue recognition		
At a point in time	**39,583,822**	45,035,290
Over time	**4,426,355**	7,109,399
	44,010,177	52,144,689
Revenue recognised during the financial year from:		
Amounts included in contract liability at the beginning of the financial year	**621,513**	653,475

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	
	2020 A$	2019 A$
2020	**-**	621,513
2021	**535,355**	434,625
2022	**382,222**	357,620
2023	**275,908**	245,331
2024	**139,659**	88,804
Thereafter	**34,010**	32,396
Total	**1,367,154**	1,780,289

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 2020 A$	Group 2019 A$
Management fees		
– related parties (Note 26)	**–**	75,212
– third parties	**35,560**	1,296
Interest income		
– bank	**46,625**	54,341
– third parties	**56,800**	–
Fair value gain on re-measurement of pre-existing equity interest in an associate	**–**	73,266
Rental income – third parties	**55,985**	231,232
Government grants*	**3,171,843**	–
Rebates from suppliers	**725,907**	891,088
Training income – third parties	**–**	5,000
Miscellaneous income	**224,033**	126,436
	4,316,753	1,457,871

* Government grants mainly relate to JobKeeper, cash flow boosts and wage subsidies.

6 STAFF COSTS

	Group 2020 A$	Group 2019 A$
Wages and salaries	**15,679,867**	14,494,844
Contributions to defined contribution plan	**1,142,846**	1,212,468
Other benefits	**384,503**	621,165
	17,207,216	16,328,477

7 FINANCE COSTS

	Group 2020 A$	Group 2019 A$
Interest expense		
– lease liabilities/finance leases	**1,507,536**	82,960
– bank loans	**89,719**	80,727
– others	**22,422**	43,051
	1,619,677	206,738

8 OTHER EXPENSES

	Group	
	2020	2019
	A$	A$
Included in other expenses are:		
Audit fees payable/paid to:		
– auditor of the Company	**72,940**	60,000
– other auditors*	**226,965**	258,478
Fees for non-audit services payable/paid to:		
– auditor of the Company#	**-**	164,941
– other auditors*#	**-**	452,418
Accounting fee	**125,939**	111,092
Advertising and marketing expense	**457,426**	450,257
Bank merchant fee	**272,999**	154,767
Bad debt – sundry receivable	**127,000**	–
Cleaning expenses	**226,893**	347,209
Consultancy and legal fees	**303,393**	139,528
Foreign exchange loss/(gain)	**81,891**	(42,345)
Insurance expenses	**268,206**	187,203
Warehouse, office and outlet supplies	**226,338**	348,558
Management fee expense	**43,478**	638,907
Network service fees	**141,259**	149,514
Property, plant and equipment written off (Note 11)	**553,607**	184,898
Loss on deconsolidation of subsidiaries (Note 14(b))	**11,506**	–

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	
	2020	2019
	A$	A$
Tax expense attributable to profits is made up of:		
Current year		
– Income tax	**928,778**	2,606,302
– Deferred tax	**(365,693)**	(1,153,862)
Under/(over) provision in respect of previous financial year		
– Income tax	**52,127**	69,977
– Deferred tax	**5,292**	(218,889)
Withholding tax	**7,042**	10,140
	627,546	1,313,668

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	
	2020	2019
	A$	A$
Profit before tax	**863,034**	4,300,362
Tax calculated at a tax rate of 27.5% (2019: 30%)	**237,334**	1,290,109
Effect of different tax rates in other countries	**161,807**	(21,959)
Expenses not deductible for tax purposes	**141,771**	146,275
Under provision of income tax in previous year	**52,127**	69,977
Under/(over) provision of deferred tax in previous year	**5,292**	(218,889)
Withholding tax	**7,042**	10,140
Others	**22,173**	38,015
	627,546	1,313,668

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	
	2020	2019
	A$	A$
Net profit attributable to equity holders of the Company	**848,858**	1,953,979
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	**246,000,000***	246,000,000*
Effect of treasury shares held	**(1,513,979)**	–
Weighted average number of ordinary shares during the year	**244,486,021**	246,000,000*
Earnings per share (cents per share)		
– Basic and diluted	**0.35**	0.79

* The earnings per share for 2019 was computed based on the Company's post IPO enlarged share capital of 246,000,000 shares.

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 A$	Furniture and fittings A$	Office equipment A$	Motor vehicles A$	Renovation A$	Total A$
Group						
2020						
Cost						
At 1 July 2019	4,984,033	4,171,112	337,809	209,196	9,837,091	19,539,241
Reclassification to right-of-use assets on adoption of SFRS(I) 16	(1,673,171)	(43,864)	–	(44,227)	(114,852)	(1,876,114)
Additions	722,147	1,148,271	47,027	–	1,635,685	3,553,130
Write-off	(169,832)	(8,969)	–	(17,140)	(729,644)	(925,585)
Disposal	(48,682)	–	–	–	–	(48,682)
Currency translation differences	(19,631)	(18,801)	(575)	(1,111)	(57,202)	(97,320)
At 30 June 2020	**3,794,864**	**5,247,749**	**384,261**	**146,718**	**10,571,078**	**20,144,670**
Accumulated depreciation						
At 1 July 2019	2,002,074	1,111,769	195,454	67,608	2,445,040	5,821,945
Reclassification to right-of-use assets on adoption of SFRS(I) 16	(534,488)	(7,976)	–	(11,784)	(38,249)	(592,497)
Depreciation charge	481,266	534,408	33,445	22,484	1,745,951	2,817,554
Write-off	(77,978)	(3,650)	–	(12,123)	(278,227)	(371,978)
Disposal	(23,236)	–	–	–	–	(23,236)
Currency translation differences	(8,266)	(4,398)	(270)	(668)	(12,536)	(26,138)
At 30 June 2020	**1,839,372**	**1,630,153**	**228,629**	**65,517**	**3,861,979**	**7,625,650**
Net carrying value						
At 30 June 2020	**1,955,492**	**3,617,596**	**155,632**	**81,201**	**6,709,099**	**12,519,020**

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Machinery and equipment A$	Furniture and fittings A$	Office equipment A$	Motor vehicles A$	Renovation A$	Total A$
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

(a) During the year, the Group acquired property, plant and equipment with an aggregate cost of A$3,553,130 (2019: A$5,443,984) of which A$Nil (2019: A$392,050) was acquired by means of finance lease. Cash payments of A$3,553,130 (2019: A$5,051,934) were made to purchase property, plant and equipment.

At 30 June 2019, the net carrying value of property, plant and equipment held under finance lease agreements (classified as finance lease under SFRS(I) 1-17) amounted to A$1,283,617 (Note 23).

(b) Bank loans and overdrafts are secured on property, plant and equipment of the Group with a net carrying value of A$9,646,846 (2019: A$9,814,272) (Note 23).

12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(i) The Group leases various food and beverage outlets, central kitchen, office buildings, motor vehicles and plant and equipment from non-related parties. The leases have an average tenure between 2 to 10 years.

(ii) In addition, the Group leases certain storage spaces with contractual terms of 12 months or less. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group's obligations are secured by the lessors' title to the leased assets for such leases. No restrictions are imposed on dividends or further leasing.

The maturity analysis of the lease liabilities is disclosed in Note 28(b).

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) The Group as a lessee (Continued)

Nature of the Group's leasing activities (Continued)

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in statements of financial position

	Group	
	30.6.2020	1.7.2019
	A$	A$
Carrying amount of right-of-use assets		
Food and beverage outlets	**19,336,549**	19,609,614
Central kitchen and office buildings	**2,386,512**	2,843,317
Plant and equipment	**1,090,973**	1,251,175
Motor vehicles	**24,332**	32,443
	22,838,366	23,736,549
Carrying amount of lease liabilities		
Current	**6,388,729**	4,842,234
Non-current	**22,296,848**	23,427,604
	28,685,577	28,269,838

	Group
	2020
	A$
Additions to right-of-use assets	**4,539,857**

Amounts recognised in profit or loss

	Group
	2020
	A$
Depreciation charge for the year	
Food and beverage outlets	**4,087,336**
Central kitchen and office buildings	**545,291**
Plant and equipment	**236,863**
Motor vehicles	**8,112**
	4,877,602
Lease expense not included in the measurement of lease liabilities	
Lease expense – short term leases	**397,738**
Variable lease payments which do not depend on an index	**123,711**
Total	**521,449**
Interest expense on lease liabilities	**1,507,536**
Income from subleasing right-of-use assets	**55,985**

Total cash flows for leases amounted to A$5,181,834.

As at 30 June 2020, the Group is committed to A$107,233 for short-term leases.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) The Group as a lessee (Continued)

Amounts recognised in profit or loss (Continued)

Impact of COVID-19

During the financial year, the Group has early adopted the Amendment to SFRS(I) 16 *Covid-19 Related Rent Concessions* and elected not to account for any rent concessions granted as a result of the COVID-19 pandemic as a lease modification. The rent concessions amounting to A$695,615 has been credited to the variable lease payments recognised in profit or loss.

Variable lease payments

The leases for food and beverage outlets contain variable lease payments that are based on a percentage of sales generated by the outlets ranging from 3% to 10%, on top of the fixed lease payments. Overall, the variable payments constitute up to 1.9% of the Group's entire lease payments. These variable lease payments are recognised to profit or loss when incurred. Such variable lease payments amounted to A$123,711 for the financial year ended 30 June 2020.

Extension options

The leases of certain food and beverage outlets contain extension options, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group.

Future cash outflow which are not capitalised in lease liabilities

Leases not yet commenced to which the lessee is committed

As at 30 June 2020, the Group entered into a 7-year and 5-year lease for food and beverage outlets, of which the lease period will only commence on 6 August 2020 and 15 February 2021 respectively. The aggregate future cash outflows to which the Group is exposed to is fixed payment of A$165,240 and A$81,396 per year respectively. There are no extension or termination options for both leases.

(b) The Group as an intermediate lessor

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as finance leases

The Group's sub-lease of its right-of-use food and beverage outlets is classified as finance lease because the sub-lease is for the entire remaining lease term of the head lease. Right-of-use assets relating to the head leases with sub-leases classified as finance lease is derecognised. The net investment in the sub-lease is recognised under "Trade and other receivables" (Note 20).

Finance income on the net investment in sub-lease during the financial year is A$41,701.

12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) The Group as an intermediate lessor (Continued)

Nature of the Group's leasing activities – Group as an intermediate lessor (Continued)

Subleases – classified as finance leases (Continued)

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Group 2020 A$
Less than one year	150,631
1 to 2 years	105,154
2 to 3 years	109,360
3 to 4 years	113,734
4 to 5 years	118,284
More than 5 years	349,753
Total undiscounted lease payments	946,916
Less: Unearned finance income	(159,822)
Net investment in finance lease	787,094
Current (Note 20)	114,590
Non-current (Note 20)	672,504
Total	787,094

13 INTANGIBLE ASSETS

	Group	
	2020 A$	2019 A$
Goodwill arising on business combination (Note (a))	**945,937**	945,937
Franchise rights (Note (b))	**2,256,866**	2,595,439
	3,202,803	3,541,376

(a) Goodwill arising on business combinations

	Group	
	2020 A$	2019 A$
Cost		
At beginning of year	**945,937**	–
Acquisition of subsidiaries	**–**	945,937
Net carrying value at end of year	**945,937**	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	
	2020 A$	2019 A$
Food and beverage retails		
– PPR Ryde (NSW) Pty Ltd	**725,783**	725,783
– JCT (Chadstone) Pty Ltd	**220,154**	220,154
	945,937	945,937

13 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 operations 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	
	2020	2019	**2020**	2019
Forecast revenue growth	**14% growth in year 2021 from year 2020, 4% growth in year 2022 and 2% growth per year thereafter**	8% growth from year 2019 in year 2020 and 0% growth thereafter	**14% growth in year 2021 from year 2020, 12% growth in year 2022 and 3% growth per year thereafter**	0%* growth from year 2019 and stay constant thereafter
Gross profit margin	**66%**	67%	**63%**	66%
Terminal value growth rate	**2%**	2%	**2%**	2%
Discount rate	**13%**	13%	**13%**	13%

* 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. These key inputs and assumptions were estimated by management based on prevailing market, economic and other conditions at the end of the reporting period, and based on management's estimations of the recovery in business conditions amidst the current COVID-19 pandemic.

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 for PPR Ryde (NSW) Pty Ltd, if the estimated gross profit margin used had been 1% lower than management's estimates, the Group would have to recognise impairment charge on goodwill of A$131,000.

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. However, the uncertainties surrounding the impact of the COVID-19 pandemic on the global economy may affect the actual outcome of these estimates and assumptions.

13 INTANGIBLE ASSETS (CONTINUED)

(b) Franchise rights

	Group 2020 A$	Group 2019 A$
Cost		
At beginning of year	**3,087,288**	2,198,423
Additions	**-**	886,010
Currency translation differences	**(9,797)**	2,855
At end of year	**3,077,491**	3,087,288
Accumulated amortisation		
At beginning of year	**491,849**	232,808
Amortisation charge for the year	**333,483**	255,632
Currency translation differences	**(4,707)**	3,409
At end of year	**820,625**	491,849
Net carrying value	**2,256,866**	2,595,439

Franchise rights have remaining useful lives of 2 to 28 years (2019: 3 to 29 years) as at respective end of the reporting periods.

14 INVESTMENT IN SUBSIDIARIES

	Company 2020 A$	Company 2019 A$
Unquoted equity shares, at cost		
Balance at beginning of the year	**40,195,930**	-
Pursuant to the restructuring exercise	**-**	39,911,967
Incorporation of subsidiary	**-**	283,963
	40,195,930	40,195,930
Less: Allowance for impairment	**(1,832,425)**	-
Balance at end of the year	**38,363,505**	40,195,930
Movement in allowance account for investment:		
Balance at beginning of year	**-**	-
Impairment loss for the year	**1,832,425**	-
Balance at end of the year	**1,832,425**	-

Details of subsidiaries are:

Name of subsidiary	Country of incorporation	Principal business activities	Effective equity interest of the Company 2020 %	Effective equity interest of the Company 2019 %
Subsidiaries held by the Company				
STG Food Industries Pty Ltd(2)	Australia	Investment holding	**100**	100
STG Confectionery Pty Ltd(3)	Australia	Investment holding	**100**	100
STG Food Industries 3 Pty Ltd(3)	Australia	Investment holding	**100**	100
STG Food Industries Malaysia Sdn Bhd(4)	Malaysia	Investment holding	**100**	100
STG Food Industries 5 Pty Ltd(3)	Australia	Investment holding	**100**	100
STG Beverage (NZ) Pty Ltd(3)	Australia	Investment holding	**100**	100
STG Entertainment Pty Ltd(3)	Australia	Investment holding	**100**	100
STG Confectionery 2 Pty Ltd(3)	Australia	Investment holding	**100**	100
GC (England) Pte. Ltd.(1)	Singapore	Investment holding	**60**	60

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation	Principal business activities	Effective equity interest of the Company 2020 %	2019 %
Subsidiaries held by STG Food Industries Pty Ltd				
Papparich Australia Pty Ltd(2)	Australia	Trading and management of sub-franchisees	**50**	50
Papparich Outlets Pty Ltd(2)	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
PPR Co Outlet Pty Ltd(2)	Australia	Operator of restaurants	**50**	50
Malaysian Fine Foods Pty Ltd(2)	Australia	Operator of restaurants	**50**	50
PPR UEXP Pty Ltd(2)	Australia	Operator of restaurants	**50**	50
PappaRich Marketing Pty Ltd(2)(7)	Australia	Marketing and advertising	**50**	–
Subsidiary held by PPR Co Outlet Pty Ltd				
Delicious Foodcraft Pty Ltd(2)	Australia	Operator of restaurants	**10**	10
Subsidiaries held by Papparich Outlets Pty Ltd				
Delicious Foodcraft Pty Ltd(2)	Australia	Operator of restaurants	**80**	80
Oldtown QV (Aust) Pty Ltd(2)	Australia	Operator of restaurants	**100**	100
PPR Ryde (NSW) Pty Ltd(2)	Australia	Operator of restaurants	**100**	100
Subsidiary held by STG Confectionery Pty Ltd				
HBCT (Aust) Pty Ltd(3)	Australia	Trading and management of sub-franchisees	**100**	100
Subsidiaries held by HBCT (Aust) Pty Ltd				
HBCT Marketing Pty Ltd(3)	Australia	Management of marketing funds	**100**	100
HBCT Co Outlets Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100
Subsidiaries held by HBCT Co Outlets Pty Ltd				
HBCT (NSW) Co Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100
HBCT (WA) Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100
JCT (Doncaster) Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100
JCT (ACT) Pty Ltd(3)	Australia	Dormant	**100**	100
JCT (Chadstone) Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100
JCT Queensland Pty Ltd(3)	Australia	Operator of food and beverage outlets	**100**	100

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are: (Continued)

Name of subsidiary	Country of incorporation	Principal business activities	Effective equity interest of the Company 2020 %	2019 %
Subsidiary held by STG Food Industries 3 Pty Ltd				
NeNe Chicken (Australia) Pty Ltd[3]	Australia	Trading and management of sub-franchisees	**100**	100
Subsidiaries held by NeNe Chicken (Australia) Pty Ltd				
NN MC Pty Ltd[3]	Australia	Operator of food and beverage outlets	**100**	100
NN BH Pty Ltd[3]	Australia	Operator of food and beverage outlets	**100**	100
NN ES Pty Ltd[3][8]	Australia	Operator of food and beverage outlets	**100**	–
Subsidiaries held by STG Food Industries Malaysia Sdn. Bhd.				
TGR Food Industries Sdn. Bhd.[4]	Malaysia	Investment holding	**63**	63
NNC Food Industries Malaysia Sdn. Bhd.[4]	Malaysia	Operator of restaurants	**11**	11
Subsidiary held by TGR Food Industries Sdn. Bhd.				
NNC Food Industries Malaysia Sdn. Bhd.[4]	Malaysia	Operator of restaurants	**53**	53
Subsidiary held by NNC Food Industries Malaysia Sdn. Bhd.				
NNC F&B Restaurants Sdn. Bhd.[4]	Malaysia	Operator of restaurants	**53**	53
Subsidiaries held by NNC F&B Restaurants Sdn. Bhd.				
NNC Restaurants Damansara Sdn. Bhd[4]	Malaysia	Operator of restaurants	**45**	45
NNC Food City Sdn. Bhd.[4][9]	Malaysia	Operator of restaurants	**-**	51
NNC Food Avenue Sdn. Bhd.[4]	Malaysia	Operator of restaurants	**45**	45
Subsidiaries held by STG Food Industries 5 Pty Ltd				
IPR (WA) Pty Ltd[3]	Australia	Operator of food and beverage outlets	**51**	51
IPR NZ Limited[3]	New Zealand	Operator of food and beverage outlets	**70**	65
Noodle House Chadstone Pty Ltd[3][8]	Australia	Operator of food and beverage outlets	**100**	–
Subsidiary held by STG Beverage (NZ) Pty Ltd				
GCHA (NZ) Pty Ltd[3]	Australia	Investment holding	**100**	100
Subsidiary held by GCHA (NZ) Pty Ltd				
Gong Cha Limited[3]	New Zealand	Operator of food and beverage outlets	**100**	100
Subsidiary held by Gong Cha Limited				
JCT Auckland Limited[3][9]	New Zealand	Operator of food and beverage outlets	**-**	100

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries are: (Continued)

Name of subsidiary	Country of incorporation	Principal business activities	Effective equity interest of the Company 2020 %	2019 %
Subsidiary held by STG Entertainment Pty Ltd				
iDarts Australia Pty Ltd[3]	Australia	Trading and management of sub-franchisees	**100**	100
Subsidiaries held by iDarts Australia Pty Ltd				
BPC Australia Pty Ltd[3]	Australia	Trading and management of sub-franchisees	**55**	55
Dartslive Australia Pty Ltd[3]	Australia	Dormant	**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[6]	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[5]	United Kingdom	Trading and management of sub-franchisees	**60**	60
Subsidiary held by Gong Cha England Limited				
Gong Cha England Outlets Limited[5]	United Kingdom	Operator of food and beverage outlets	**60**	60
Gong Cha England Outlets 2 Limited[5][6]	United Kingdom	Operator of food and beverage outlets	**42**	–

(1) Audited by Baker Tilly TFW LLP
(2) Audited by BDO Audit Pty Ltd (2019: 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) The subsidiary is not material to the Group
(6) Incorporated on 22 August 2019
(7) Incorporated on 16 July 2019
(8) Incorporated on 7 April 2020
(9) Entity was deconsolidated during the year

(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 2020 %	2019 %
Papparich Australia Pty Ltd	Australia	**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.

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

Summarised Consolidated Statements of Financial Position

	Papparich Australia Pty Ltd	
	2020	2019
	A$	A$
Non-current assets	**10,582,518**	5,481,101
Current assets	**3,383,119**	4,059,789
Non-current liabilities	**(5,715,819)**	(1,052,356)
Current liabilities	**(3,815,050)**	(3,039,826)
Net assets	**4,434,768**	5,448,708
Net asset attributable to NCI	**2,304,853**	2,800,594

Summarised Consolidated Statements of Comprehensive Income

	Papparich Australia Pty Ltd	
	2020	2019
	A$	A$
Revenue	**11,093,658**	16,309,813
(Loss)/profit before tax	**(168,084)**	2,794,006
Income tax credit/(expense)	**30,915**	(774,928)
(Loss)/profit and total comprehensive (loss)/income	**(137,169)**	2,019,078
(Loss)/profit allocated to NCI	**(67,158)**	1,009,540
Dividends paid to NCI	**325,000**	400,000

Summarised Cash Flows

	Papparich Australia Pty Ltd	
	2020	2019
	A$	A$
Cash flows from operating activities	**1,143,827**	2,284,164
Cash flows used in investing activities	**(277,894)**	(2,020,500)
Cash flows used in financing activities	**(1,199,823)**	(52,502)
Net (decrease)/increase in cash and cash equivalents	**(333,890)**	211,162

(b) Deconsolidation of subsidiaries

During the financial year, two subsidiaries of the Group, JCT Auckland Limited and NNC Food City Sdn. Bhd. initiated members voluntary liquidation and liquidators were appointed. The Group has assessed that it has lost control of JCT Auckland Limited and NNC Food City Sdn. Bhd. upon the appointment of the liquidators. Accordingly, JCT Auckland Limited and NNC Food City Sdn. Bhd. are deconsolidated with effect from 22 June 2020. JCT Auckland Limited and NNC Food City Sdn. Bhd. are not significant components and they did not represent a separate major line of business of the Group. The carrying amounts of assets and liabilities deconsolidated are clearly trivial.

(c) Company level – impairment review of investment in subsidiaries

During the financial year, management performed an impairment test on the investment in subsidiaries as the cost of investment of subsidiaries exceeds the Company's share of the respective net assets of the subsidiaries as at 30 June 2020. Impairment losses of A$1,191,484, A$145,221, A$146,485 and A$349,235 (2019: A$Nil) were recognised for the year ended 30 June 2020 to write down STG Confectionery Pty Ltd, STG Confectionery 2 Pty Ltd, STG Entertainment Pty Ltd and STG Food Industries Malaysia Sdn Bhd respectively to their respective recoverable amounts of A$8,824,499, A$653,022, A$432,243 and A$Nil. The recoverable amounts of these investments in subsidiaries have been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The key assumptions for the value-in-use calculations are those regarding forecasted revenue growth rate, gross profit margin, growth rate used to extrapolate cash flows beyond the budgeted period and pre-tax discount rate as follows:

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Company level – impairment review of investment in subsidiaries (Continued)

Key assumptions used in value-in-use calculation

	5 years average revenue growth rate 2020 %	5 years average gross profit margin 2020 %	Terminal value growth rate 2020 %	Discount rate (pre-tax) 2020 %
STG Confectionery Pty Ltd	7.3	74.2	1.2	12.8
STG Food Industries Malaysia Sdn Bhd	11.6	73.9	0.0	16.2
STG Entertainment Pty Ltd	6.4	100.0	2.0	13.8
STG Confectionery 2 Pty Ltd	5.5	69.1	1.2	13.0

These key inputs and assumptions were estimated by management based on prevailing market, economic and other conditions at the end of the reporting period, and based on management's estimations of the recovery in business conditions amidst the current COVID-19 pandemic. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the subsidiaries. The average gross profit margin is based on past revenue growth trend and management's expectations of market development.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for STG Confectionery Pty Ltd, STG Entertainment Pty Ltd and STG Confectionery 2 Pty Ltd, a decrease in forecasted 5 years average revenue growth by 6%, 6% and 7% would result in additional impairment loss on the investment in subsidiaries of A$179,000, A$11,000 and A$18,000 respectively.

With regards to the assessment of value in use for STG Food Industries Malaysia Sdn Bhd, 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 higher than the carrying value of the subsidiary.

However, the uncertainties surrounding the impact of the COVID-19 pandemic on the global economy may affect the actual outcome of these estimates and assumptions.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group	
	2020 A$	2019 A$
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, fair value loss of A$88,120 was recognised on unquoted equity shares.

The fair value of the unquoted equity shares is determined based on 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.

16 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	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
Balance at beginning of the year	**2,418,675**	999,805	**545,832**	–
Adoption of SFRS(I) 16	**503,200**	–	**-**	–
Acquisition of subsidiaries	**-**	42,361	**-**	–
Tax credit/(charge) to profit or loss (Note 9)	**360,401**	1,372,751	**(134,895)**	545,832
Currency translation differences	**12,359**	3,758	**-**	–
Balance at end of the year	**3,294,635**	2,418,675	**410,937**	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	Deferred income	Lease incentives and straight-line lease liability	Leases	Tax losses	Others	Total
	A$	A$	A$	A$	A$	A$	A$
Group							
Balance at 1 July 2019	253,841	426,260	562,083	–	1,073,364	103,127	2,418,675
Adoption of SFRS(I) 16	–	–	(502,792)	1,005,992	–	–	503,200
Credited/(charged) to profit or loss for the year	99,587	(90,396)	(59,291)	310,262	178,733	(78,494)	360,401
Currency translation differences	(1,737)	(1,235)	–	(4,833)	20,232	(68)	12,359
Balance at 30 June 2020	**351,691**	**334,629**	**-**	**1,311,421**	**1,272,329**	**24,565**	**3,294,635**
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
(Charged)/credited 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	562,083	–	1,073,364	103,127	2,418,675

	Tax losses	
	2020	2019
	A$	A$
Company		
Balance at beginning of the year	**545,832**	–
(Charged)/credited to profit or loss for the year	**(134,895)**	545,832
Balance at end of the year	**410,937**	545,832

At the end of the reporting period, the Group and the Company have unutilised tax losses of A$4,108,000 and A$1,478,000 respectively (Group: 2019: A$3,623,000; Company: 2019: A$1,819,000) 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.

17 FIXED DEPOSITS

	Group		Company	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
Fixed deposits (pledged)	**2,076,243**	1,856,293	**-**	–
Fixed deposits (unpledged)	**1,579,964**	–	**1,579,964**	–
	3,656,207	1,856,293	**1,579,964**	–
Represented by:				
Current	**1,611,834**	–	**1,579,964**	–
Non-current	**2,044,373**	1,856,293	**-**	–
	3,656,207	1,856,293	**1,579,964**	–

The fixed deposits of the Group and the Company are placed with banks and mature on varying dates within 1 to 18 months (2019: 4 to 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 0.05% to 3.00% (2019: 0.50% to 3.45%) per annum.

Certain fixed deposits are pledged to financial institutions for obtaining bank guarantees given to landlords of leased premises during the terms of the lease periods.

18 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	
	30.6.2020	30.6.2019	1.7.2018
	A$	A$	A$
Trade receivables from contracts with customers	**2,218,752**	3,735,104	2,527,833
Contract assets – current	**65,115**	155,148	–
Contract liabilities			
– Current	**535,355**	621,513	653,475
– Non-current	**831,799**	1,158,776	606,910
	1,367,154	1,780,289	1,260,385

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

	Contract assets		Contract liabilities	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
Revenue recognised that was included in the contract liability balance at the beginning of the year	**-**	–	**621,513**	653,475
Increase due to cash received, excluding amounts recognised as revenue during the year	**-**	–	**427,448**	1,142,136
Contract asset reclassified to trade receivables	**155,148**	–	**-**	–

19 INVENTORIES

	Group	
	2020	2019
	A$	A$
Raw materials and consumables	**1,626,010**	1,446,885
Finished goods	**1,001,682**	439,854
	2,627,692	1,886,739

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
Non-current				
Rental bond	**359,471**	85,360	**-**	–
Lease receivables	**672,504**	–	**-**	–
Refundable deposits	**252,516**	237,598	**-**	–
Deferred expenditure	**168,677**	185,920	**-**	–
	1,453,168	508,878	**-**	–
Current				
Trade receivables				
– related parties	**1,852**	–	**-**	–
– subsidiaries	**-**	–	**1,248,688**	–
– third parties	**2,244,288**	3,735,104	**-**	–
	2,246,140	3,735,104	**1,248,688**	–
Less: allowance for impairment – third parties	**(27,388)**	–	**-**	–
	2,218,752	3,735,104	**1,248,688**	–
Accrued income	**338,672**	235,874	**-**	–
Sundry deposits	**125,605**	421,760	**-**	–
Prepayments	**527,547**	412,064	**18,581**	8,023
Sundry receivables	**150,590**	224,674	**-**	–
Grants receivable	**880,915**	–	**-**	–
Deferred expenditure	**91,133**	538,497	**-**	423,508
Other current assets	**255,252**	305,177	**-**	–
Lease receivables	**114,590**	–	**-**	–
Amount due from subsidiaries (non-trade)	**-**	–	**9,986,932**	6,159,735
	4,703,056	5,873,150	**11,254,201**	6,591,266
Less: allowance for impairment – amount due from subsidiaries (non-trade)	**-**	–	**(1,567,575)**	–
	4,703,056	5,873,150	**9,686,626**	6,591,266
Total	**6,156,224**	6,382,028	**9,686,626**	6,591,266

Amount due from subsidiaries is non-trade in nature, bear interest at 5% per annum (2019: interest-free) and repayable on demand.

Impairment losses on amount due from subsidiaries (non-trade) recognised as an expense amounted A$1,567,575 (2019: A$Nil).

21 SHARE CAPITAL

Ordinary shares

	Number of issued shares		Issued share capital	
	2020	2019	**2020**	2019
			A$	A$
Group				
Issued and paid up				
At 1 July	**209,000,000**	1,002,024	**47,490,345**	11,520
Issuance of ordinary shares	**-**	1,080,000	**-**	10,693
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
– pursuant to the IPO[1]	**37,000,000**	–	**10,133,783**	–
– capitalisation of share issue expenses	**-**	–	**(423,508)**	–
Adjustment pursuant to the restructuring exercise	**-**	(2,024)	**-**	(1,957)
Adjustment pursuant to the sub-division of shares	**-**	157,193,235	**-**	–
Purchases of treasury shares	**(3,296,500)**	–	**-**	–
At 30 June	**242,703,500**	209,000,000	**57,200,620**	47,490,345
Company				
Issued and paid up				
At 1 July	**209,000,000**	1,000,000	**47,490,345**	9,563
Issuance of ordinary shares	**-**	1,080,000	**-**	10,693
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
– pursuant to the IPO[1]	**37,000,000**	–	**10,133,783**	–
– capitalisation of share issue expenses	**-**	–	**(423,508)**	–
Adjustment pursuant to the sub-division of shares	**-**	157,193,235	**-**	–
Purchases of treasury shares	**(3,296,500)**	–	**-**	–
At 30 June	**242,703,500**	209,000,000	**57,200,620**	47,490,345

(1) On 3 July 2019, a total of 37,000,000 new shares were offered to the public at S$0.26 (equivalent to A$0.2739) per share.

The ordinary shares have no par values, are fully paid, carry one vote each and have no right to fixed income.

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.

21 SHARE CAPITAL (CONTINUED)

Non-redeemable convertible preference shares

	Group and Company			
	Number of non-redeemable convertible preference shares		Issued share capital	
	2020	2019	**2020** **A$**	2019 A$
Issued and paid up				
At 1 July	-	6,755,737	-	6,689,421
Issue of shares:				
– Series 1A non-redeemable convertible preference shares	-	481,980	-	486,800
Conversion of non-redeemable convertible preference shares to ordinary shares	-	(7,237,717)	-	(7,176,221)
At 30 June	-	–	-	–

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.

Treasury shares

During the financial year, the Company purchased 3,296,500 (2019: Nil) of its ordinary shares by way of on-market purchases. The total amount paid to acquire the shares was A$899,238 and has been deducted from shareholders' equity.

At the reporting date, the Company held 3,296,500 (2019: Nil) ordinary shares as treasury shares.

22 OTHER RESERVES

	Foreign currency translation reserve A$	Merger reserve A$	Capital reserve A$	Fair value reserve A$	Total A$
Group					
2020					
At 1 July 2019	7,489	(39,019,755)	(510,483)	–	(39,522,749)
Other comprehensive income	45,609	–	–	(31,944)	13,665
At 30 June 2020	**53,098**	**(39,019,755)**	**(510,483)**	**(31,944)**	**(39,509,084)**
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)

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.

Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity investment designated at FVOCI.

23 BORROWINGS

	Group	
	2020 A$	2019 A$
Non-current		
Bank loan 1 (secured)	**-**	444,431
Bank loan 2 (secured)	**335,095**	393,941
Bank loan 3 (secured)	**-**	168,375
Finance lease liabilities (secured)	**-**	764,275
	335,095	1,771,022
Current		
Bank overdrafts (secured)	**197,823**	238,004
Bank loan 1 (secured)	**555,690**	193,426
Bank loan 2 (secured)	**78,826**	91,421
Bank loan 3 (secured)	**179,415**	183,455
Bank loan 4 (unsecured)	**63,160**	–
Finance lease liabilities (secured)	**-**	494,847
	1,074,914	1,201,153
Total borrowings	**1,410,009**	2,972,175

23 BORROWINGS (CONTINUED)

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 A$
2020			
Secured bank loans			
– Bank loan 1 – fixed rate	5.36 – 6.88	2020 – 2024	**555,690**
– Bank loan 2 – floating rate	7.32	2023	**413,921**
– Bank loan 3 – floating rate	2.22	2021	**179,415**
Unsecured loan			
– Loan 4 – interest-free	N.A.	2021	**63,160**
			1,212,186
2019			
Secured bank loans			
– Bank loan 1 – fixed rate	6.40 – 6.88	2020 – 2022	637,857
– Bank loan 2 – floating rate	7.45	2023	485,362
– Bank loan 3 – floating rate	3.80	2021	351,830
			1,475,049

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 5.59% – 7.99% (2019: 8.19% – 9.95%) 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**

Finance lease liabilities were reclassified to lease liabilities on 1 July 2019 arising from the adoption of SFRS(I) 16. The impact of the adoption is disclosed in Notes 3 and 12.

23 BORROWINGS (CONTINUED)

(b) **Finance lease liabilities** (Continued)

	2019 Minimum lease payments value A$	Present value payments A$
Not later than one financial year	556,155	494,847
Later than one financial year but not later than five financial years	812,158	764,275
Total minimum lease payments	1,368,313	1,259,122
Less: Future finance charges	(109,191)	–
Present value of finance lease liabilities	1,259,122	1,259,122
Representing finance lease liabilities:		
Current	494,847	
Non-current	764,275	
	1,259,122	
Effective interest rates	5.35% – 5.83%	

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.

(c) **Breaches of loan covenants**

Some of the Group's loan agreements are subject to covenant clauses, whereby the Group is required to meet certain key financial ratios. One of the subsidiaries, Gong Cha Limited did not fulfil the "Earnings Before Interest and Tax is to cover interest costs 5 times" and "Maintain shareholders' funds at a minimum of 50% of total tangible assets" as required in the contract for a term loan of NZ$1 million (equivalent to A$934,317), of which the Group has fully drawn down.

Due to this breach of the covenant clause, the bank is contractually entitled to request for immediate repayment of the outstanding loan amount of A$555,690. The outstanding balance was presented as a current liability as at 30 June 2020. The bank had not requested for early repayment of the loan as of the date when these financial statements were approved by the Board of Directors for issue. Management has not commenced renegotiation of the terms of the loan agreement with the bank as of the date when these financial statements are authorised for issue.

23 BORROWINGS (CONTINUED)

(d) **Reconciliation of movements of liabilities to cash flows arising from financing activities:**

	Bank loans A$	Lease liabilities A$	Finance lease liabilities A$	Amounts due to third parties/former shareholders of subsidiaries/ non-controlling interests/ related parties A$	Total A$
Group					
Balance at 1 July 2019	1,475,049	–	1,259,122	2,125,632	4,859,803
Adoption of SFRS(I) 16	–	27,010,716	–	–	27,010,716
Reclassification on adoption of SFRS(I) 16	–	1,259,122	(1,259,122)	–	–
Changes from financing cash flows:					
– Proceeds	206,305	–	–	234,392	440,697
– Repayments	(450,675)	(3,357,006)	–	(969,925)	(4,777,606)
– Interest paid	(89,719)	(1,303,379)	–	–	(1,393,098)
Non-cash changes:					
– Interest expense	89,719	1,507,536	–	–	1,597,255
– Addition of new leases	–	5,125,184	–	–	5,125,184
– Termination of leases	–	(710,160)	–	–	(710,160)
– COVID-19-related rent concessions	–	(695,615)	–	–	(695,615)
Effect of changes in foreign exchange rates	(18,493)	(150,821)	–	–	(169,314)
Balance at 30 June 2020	**1,212,186**	**28,685,577**	**-**	**1,390,099**	**31,287,862**
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

24 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
Non-current				
Lease incentives	**-**	1,278,548	**-**	–
Straight-line lease liability	**-**	467,242	**-**	–
	-	1,745,790	**-**	–
Current				
Trade creditors				
– third parties	**1,025,841**	2,005,546	**-**	–
Other payables	**1,912,174**	2,541,328	**10,192**	474,960
Deposits	**17,170**	52,666	**-**	
Franchise deposits received	**457,187**	344,155	**-**	–
Dividends payable	**4,388**	2,177	**4,388**	–
Accrued operating expenses	**1,053,248**	2,445,803	**225,327**	1,077,223
Amounts due to				
- third parties	**24,966**	94,921	**-**	–
– former shareholders of subsidiaries	**163,830**	783,469	**-**	–
– non-controlling interests	**1,201,303**	1,242,792		
– related parties	**-**	4,450	**-**	–
Amount due to subsidiaries	**-**	–	**-**	117,617
Marketing fund liability	**44,629**	86,895	**-**	–
Lease incentives	**-**	249,987	**-**	–
Straight-line lease liability	**-**	31,439	**-**	–
	5,904,736	9,885,628	**239,907**	1,669,800
Total	**5,904,736**	11,631,418	**239,907**	1,669,800

Amounts due to third parties, former shareholders of subsidiaries, non-controlling interests, related parties and subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

25 DIVIDENDS PAID/PAYABLE

	Group	
	2020	2019
	A$	A$
Ordinary dividends:		
ST Group Food Industries Holdings Limited		
Interim single tier tax exempt dividend of A$0.005 per share	**1,222,771**	–
STG Food Industries Pty Ltd		
Interim single tier tax exempt dividend of A$2.17 per share	**-**	650,000
Oldtown QV (Aust) Pty Ltd		
Interim single tier tax exempt dividend of A$2,000 per share	**-**	200,000
Delicious Foodcraft Pty Ltd		
Interim single tier tax exempt dividend of A$400 per share	**-**	30,000
STG Food Industries 3 Pty Ltd		
Interim single tier tax exempt dividend of A$1,000 per share	**-**	100,000
STG Entertainment Pty Ltd		
Interim single tier tax exempt dividend of A$300 per share	**-**	30,000
Dividends paid/payable to equity holders of the Group	**1,222,271**	1,010,000
Papparich Australia Pty Ltd		
Interim single tier tax exempt dividend of A$1.00 per share	**150,000**	–
Interim single tier tax exempt dividend of A$1.17 per share	**175,000**	–
Interim single tier tax exempt dividend of A$1.33 per share	**-**	400,000
Delicious Foodcraft Pty Ltd		
Interim single tier tax exempt dividend of A$400 per share	**-**	10,000
Dividends paid/payable to non-controlling interests of the Group	**325,000**	410,000

In FY2019, the dividends have been declared to the then 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.

26 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	
	2020	2019
	A$	A$
With other related parties		
Income		
Supply chain revenue	**-**	55,134
Franchise fees and royalty income	**11,692**	32,568
Other revenues	**101,050**	152,885
Marketing fee income	**-**	3,181
Management fee income	**-**	75,212
Other income	**-**	12,000
Expenses		
Rental expense	**544,971**	600,165
Management fee expense	**-**	587,829

	Company	
	2020	2019
	A$	A$
With subsidiaries		
Income		
Management fee income	**1,073,479**	-
Dividend income	**1,230,000**	-
Interest income	**105,882**	-
Others		
Advances to	**(3,941,763)**	(3,560,451)
Advances from	**-**	117,617
Payments made on behalf of	**(83,798)**	(880,452)

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	
	2020	2019
	A$	A$
Salaries, allowances, bonuses	**1,284,893**	621,852
Employer's contributions to defined contribution plan	**98,099**	52,805
	1,382,992	674,657

27 COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the reporting date but not recognised in the financial statements are as follows:

	Group	
	2020	2019
	A$	A$
Capital commitments in respect of property, plant and equipment	**1,736,802**	1,519,953

27 COMMITMENTS (CONTINUED)

(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. 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 was contingent rents of A$205,989.

As at 30 June 2019, commitments in relation to non-cancellable operating leases contracted for at the end of the reporting period, but not recognised as liabilities, were as follows:

	Group 2019 A$
Not later than one financial year	5,658,975
Later than one financial year but not later than five financial years	17,439,755
Later than five financial years	4,879,955
	27,978,685

As disclosed in Note 3, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 July 2019, except for short term leases.

28 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2020 A$	2019 A$	**2020 A$**	2019 A$
Financial assets				
Financial assets at fair value through other comprehensive income	**-**	88,120	**-**	-
Financial assets at amortised costs	**14,395,989**	10,837,023	**13,404,268**	6,720,869
	14,395,989	10,925,143	**13,404,268**	6,720,869
Financial liabilities				
At amortised cost	**33,656,993**	10,529,653	**89,877**	1,669,800

(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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

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 ("**S$**").

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:	**S$**	
	2020	2019
	A$	A$
Group		
Cash and bank balances	**2,253,894**	298,670
Trade and other payables	**(82,213)**	(1,292,712)
Net financial assets/(liabilities) denominated in foreign currency	**2,171,681**	(994,042)
Company		
Trade and other receivables	**3,283,774**	1,782,183
Cash and bank balances	**2,253,894**	298,670
Trade and other payables	**(82,213)**	(1,292,712)
Net financial assets denominated in foreign currency	**5,455,455**	788,141

The following table demonstrates the sensitivity to a reasonably possible change in the S$ exchange rate against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's and the Company's results before tax:

	Group Increase/(decrease) in profit before tax		**Company Increase/(decrease) in loss before tax**	
	2020	2019	**2020**	2019
	A$	A$	**A$**	A$
S$/A$				
– strengthened 10% (2019: 10%)	**217,000**	(99,000)	**(546,000)**	(79,000)
– weakened 10% (2019: 10%)	**(217,000)**	99,000	**546,000**	79,000

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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

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.

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.

As at the end of the reporting period, 73% (2019: 80%) of the Group's trade receivables are all due from debtors located in Australia. The Group's trade receivables comprise 2 debtors (2019: 3 debtors) that individually represented 6% to 8% (2019: 11% to 17%) of the trade receivables.

The Company has no significant concentration of credit risk except for the amounts due from subsidiaries as disclosed in Note 20.

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.

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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Significant increase in credit risk (Continued)

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 assumes 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.

28 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

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.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables. In view of the current COVID-19 pandemic, the Group has considered the impact of the pandemic on the performance and liquidity of its trade receivables and in particular, whether there are significant decline in the repayment ability of its debtors. There has been no change in the estimation techniques or significant assumptions made during the current financial year except for reassessments made of the current COVID-19 effects on the historical default rates of each past due category of its trade receivables and contract assets. The Group's trade receivables and contract assets are substantially in the category of not past due to 30 days where credit loss experience is insignificant.

The movements in the allowance for impairment loss are as follows:

	Trade receivables A$
Group	
Balance at 1 July 2019	–
Loss allowance measured:	
Lifetime ECL – simplified approach	27,388
Balance at 30 June 2020	**27,388**

	Amount due from subsidiaries (non-trade) A$
Company	
Balance at 1 July 2019	–
Loss allowance measured:	
Lifetime ECL – credit impaired	1,567,575
Balance at 30 June 2020	**1,567,575**

28 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 financial assets as at 30 June 2020 and 30 June 2019:

Group	12-month or lifetime ECL	Gross carrying amount A$	Loss allowance A$	Net carrying amount A$
2020				
Trade receivables	Lifetime	2,246,140	(27,388)	2,218,752
Other receivables	12-month (Exposure limited)	1,675,276	–	1,675,276
Contract assets	Lifetime	65,115	–	65,115
Fixed deposits	12-month (Exposure limited)	3,656,207	–	3,656,207
Cash and bank balances	N.A. (Exposure limited)	6,845,754	–	6,845,754
2019				
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
Fixed deposits	12-month (Exposure limited)	1,856,293	–	1,856,293
Cash and bank balances	N.A. (Exposure limited)	4,197,272	–	4,197,272

The table below details the credit quality of the Company's financial assets as at 30 June 2020 and 30 June 2019:

Company	12-month or lifetime ECL	Gross carrying amount A$	Loss allowance A$	Net carrying amount A$
2020				
Trade receivables	Lifetime	1,248,688	–	1,248,688
Amount due from subsidiaries	12-month (Exposure limited)	4,132,695	–	4,132,695
	Lifetime	5,854,237	(1,567,575)	4,286,662
Fixed deposits	12-month (Exposure limited)	1,579,964	–	1,579,964
Cash and bank balances	N.A. (Exposure limited)	2,156,259	–	2,156,259
2019				
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

28 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

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 COVID-19 impact consideration and 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-month ECL and determined that the ECL is insignificant.

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 A$	Within 2 to 5 years A$	Over 5 years A$	Total A$
Group				
2020				
Trade and other payables	**3,561,407**	**–**	**–**	**3,561,407**
Borrowings	**1,129,373**	**397,855**	**–**	**1,527,228**
Lease liabilities	**7,212,084**	**18,951,408**	**5,790,574**	**31,954,066**
	11,902,864	**19,349,263**	**5,790,574**	**37,042,701**
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
Company				
2020				
Trade and other payables	**89,877**	**–**	**–**	**89,877**
2019				
Trade and other payables	1,669,800	–	–	1,669,800

29 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).

29 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

(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 costs 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 23 to the financial statements.

30 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.

The segment information provided to the management for the reportable segments are as follows:

	Food and beverage retails A$	Supply chain A$	Franchise A$	Others A$	Eliminations A$	Consolidation total A$
2020						
Segment revenue						
Sales to external customers	33,089,092	6,107,894	4,426,355	386,836	–	44,010,177
Intersegment sales	–	4,065,005	392,148	–	(4,457,153)	–
Total revenue	33,089,092	10,172,899	4,818,503	386,836	(4,457,153)	44,010,177
Tax (expense)/credit	(276,534)	29,133	(335,346)	(44,799)	–	(627,546)
Segment (loss)/profit	(229,856)	(619,155)	812,821	271,678	–	235,488
Depreciation of property, plant and equipment and amortisation of intangible assets	2,532,471	294,097	334,517	20,752	(30,800)	3,151,037
Depreciation of right-of-use assets	4,349,449	492,241	35,912	–	–	4,877,602
Impairment losses on trade and other receivables	127,000	–	27,388	–	–	154,388
Property, plant and equipment written off	553,607	–	–	–	–	553,607
Interest expense	1,461,502	212,998	82,153	–	(136,976)	1,619,677
Interest income	87,880	21,071	7,434	124,016	(136,976)	103,425
Segment assets	44,486,941	10,421,606	11,663,141	71,587,871	(78,350,089)	59,809,470
Unallocated assets						1,396,346
Total assets						61,205,816
Segment assets include:						
Additions to:						
– Property, plant and equipment	3,410,560	136,574	5,996	–	–	3,553,130
– Right-of-use assets	4,539,857	–	–	–	–	4,539,857
Segment liabilities	44,836,475	4,920,871	9,416,891	11,182,000	(32,228,337)	38,127,900
Unallocated liabilities						1,290,655
Total liabilities						39,418,555

30 SEGMENT INFORMATION (CONTINUED)

The segment information provided to the management for the reportable segments are as follows (cont'd):

	Food and beverage retails A$	Supply chain A$	Franchise A$	Others A$	Eliminations A$	Consolidation total A$
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
Interest expense	140,842	29,973	35,919	4	–	206,738
Interest income	33,069	3,369	1,199	16,704	–	54,341
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

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.

30 SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	2020 A$	2019 A$
Sales to external customers		
Australia	**33,013,568**	43,722,938
Malaysia	**1,791,110**	3,271,832
New Zealand	**8,031,134**	5,052,653
United Kingdom	**1,174,365**	97,266
	44,010,177	52,144,689
Non-current assets		
Australia	**23,898,881**	13,235,690
Malaysia	**1,820,071**	1,357,940
New Zealand	**9,157,611**	1,830,967
United Kingdom	**3,852,303**	1,019,995
	38,728,866	17,444,592

Non-current assets information presented above are non-current assets as presented on the statements of financial position excluding deferred tax asset and financial instruments.

Information about major customers

The Group did not have any single customer contributing 10% or more to its revenue for the financial years ended 30 June 2020 and 30 June 2019.

31 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 30 June 2019.

32 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 2020 were authorised for issue in accordance with a resolution of the directors dated 30 October 2020.

SHAREHOLDING STATISTICS

AS AT 16 OCTOBER 2020

Class of shares	:	Ordinary shares
Issued and fully paid-up capital	:	S$10,003,377.27 and A$47,222,062.67
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
Number of Shares issued (excluding Treasury Shares)	:	242,477,000
Number (Percentage) of Treasury Shares	:	3,523,000 (1.43%)
Voting rights (excluding Treasury Shares)	:	One vote per share

The Company does not hold any 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	10	4.57	5,100	0.00
1,001 – 10,000	67	30.59	390,100	0.16
10,001 – 1,000,000	110	50.23	15,656,178	6.46
1,000,001 and above	32	14.61	226,425,622	93.38
	219	**100.00**	**242,477,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 16 OCTOBER 2020

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Saw Tatt Ghee[(1)(2)]	3,253,300	1.34	75,268,400	31.04
STG Investments Pty Ltd[(2)]	57,773,600	23.83	17,494,800	7.22
Saw Lee Ping[(2)(3)]	7,175,200	2.96	34,251,800	14.13
Lemy Pty Ltd[(2)]	3,028,100	1.25	17,494,800	7.22
Leong Weng Yu[(2)(4)]	5,290,400	2.18	20,522,900	8.46
YSN Investments Pty Ltd[(2)]	3,623,000	1.49	17,494,800	7.22
Ng Yee Siang[(2)(5)]	5,859,100	2.42	21,117,800	8.71
KCPLP Investments Pty Ltd[(2)]	3,183,600	1.31	17,494,800	7.22
Pang Kher Chink[(2)(6)]	5,290,400	2.18	20,678,400	8.53
Tan Tee Ooi[(2)(3)]	6,174,000	2.55	28,077,800	11.58
Saw Tatt Jin[(7)]	13,669,800	5.64	3,499,000	1.44
Alpine Investments Pty Ltd[(2)]	4,594,100	1.89	17,494,800	7.22
Chua Seok Cheow[(2)(8)]	–	–	22,088,900	9.11
Ricgo Pty Ltd[(2)]	2,339,100	0.96	17,494,800	7.22
Richard Peter Godwin[(2)(9)]	993,300	0.41	19,833,900	8.18
JL Lee Investments Pty Ltd[(2)]	3,154,200	1.30	17,494,800	7.22
Lee Jian Hui[(2)(10)]	–	–	21,429,600	8.84
Caprice Development (S) Pte. Ltd.	15,756,000	6.50	–	–
Chou Geok Lin[(11)]	–	–	15,756,000	6.50
Centurion Equity Pty Limited	17,494,800	7.22	–	–

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.

TWENTY LARGEST SHAREHOLDERS AS AT 16 OCTOBER 2020

No.	Name of Shareholders	Number of Shares	%
1.	STG INVESTMENTS PTY LTD	57,773,600	23.83
2.	UOB KAY HIAN PRIVATE LIMITED	34,997,649	14.43
3.	CENTURION EQUITY PTY LIMITED	17,494,800	7.22
4.	SAW TATT JIN	13,669,800	5.64
5.	TAN & SAW INVESTMENTS PTY LTD	10,583,000	4.36
6.	SAW LEE PING	7,175,200	2.96
7.	CITIBANK NOMINEES SINGAPORE PTE LTD	6,782,900	2.80
8.	TAN TEE OOI	6,174,000	2.55
9.	NG YEE SIANG	5,859,100	2.42
10.	DB NOMINEES (SINGAPORE) PTE LTD	5,794,197	2.39
11.	LEONG WENG YU	5,290,400	2.18
12.	PANG KHER CHINK	5,290,400	2.18
13.	ALPINE INVESTMENTS PTY LTD	4,594,100	1.89
14.	YSN INVESTMENTS PTY LTD	3,623,000	1.49
15.	CREATIVE FOX PTY. LTD.	3,543,120	1.46
16.	HUIZHET INVESTMENT PTY LTD	3,499,000	1.44
17.	SAW TATT GHEE	3,253,300	1.34
18.	KCPLP INVESTMENTS PTY LTD	3,183,600	1.31
19.	JL LEE INVESTMENTS PTY LTD	3,154,200	1.30
20.	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,125,400	1.29

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Based on the information available to the Company and to the best knowledge of the Directors, approximately 21.61% of the Company's shares are held in the hands of the public as at 16 October 2020. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED
(Company Registration No. 201801590R)
(Incorporated in Singapore)

This Notice has been made available on the home page of the Company's corporate website (www.stgroup.net.au) and SGXNET. A printed copy of this Notice will not be despatched to members of the Company.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ST Group Food Industries Holdings Limited (the "**Company**") will be held by way of electronic means on Friday, 20 November 2020 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 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Regulation 110 of the Company's Constitution:

   Mr. Saw Tatt Ghee **(Resolution 2)**
   Mr. Chan Wee Kiang **(Resolution 3)**

   *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**").*

   The information relating to Mr. Saw Tatt Ghee and Mr. Chan Wee Kiang as required under Rule 720(5) of the Catalist Rules is set out on pages 14 to 15 of the Annual Report.

3. To approve the payment of Directors' fees of S$99,600 for the financial year ending 30 June 2021, to be paid quarterly in arrears (FY2020: S$124,500). **(Resolution 4)**

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 5)**

5. To transact any other ordinary business which may be transacted at an AGM.

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 ALLOT AND ISSUE SHARES**

   That pursuant to Section 161 of the Companies Act, Cap. 50 (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; and/or

   (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,

   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 always that:

(1) 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);

(2) (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;

    (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, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules;

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) 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) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (i)] **(Resolution 6)**

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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 7)**

8. **THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company (the "**Directors**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) ("**Market Purchase(s)**") on the SGX-ST transacted through the SGX-ST trading system; and/or

(ii) off-market purchase(s) ("**Off-Market Purchase(s)**") (if effected otherwise than on the SGX-ST as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(b) unless revoked or varied by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next annual general meeting); and

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for securities trading;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed 105.0% of the Average Closing Price of the Shares (for both Market Purchases and Off-Market Purchases); and

(d) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iii)] **(Resolution 8)**

By Order of the Board

Toh Li Ping, Angela
Company Secretary

5 November 2020

Explanatory Notes:

(i) Resolution 6 in item 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM 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.

(iii) Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of the passing of this Resolution until the date the next AGM is to be held or is required by law to be held, whichever is earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Buyback Mandate are set out in greater details in the Appendix accompanying this Notice.

Notes:

General

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNET at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: www.stgroup.net.au.

Participation in AGM proceedings via "live webcast"

3. A member of the Company or their corporate representative (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 9.30 a.m. on 17 November 2020 ("**Registration Deadline**"), at the following URL: https://events.rajahtann.com/STGroupAGM (the "**Pre-registration Website**").

4. It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status containing login credentials to access the Live Webcast of the AGM proceedings using the account created.

5. Members who have pre-registered by the Registration Deadline but do not receive the aforementioned email by 10.00 a.m. on 18 November 2020 should contact the Company at the following email address: stgroup.agm@rajahtann.com, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.

6. Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the Live Webcast must approach their respective depository agents to pre-register by 9.30 a.m. on 11 November 2020 in order to allow sufficient time for their respective depository agents to in turn register their interest with the Company.

Submission of questions prior to the AGM

7. A member of the Company may also submit questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations. The Company will endeavour to address questions which are substantial and relevant during the AGM proceedings.

8. To do so, all questions must be submitted no later than 9.30 a.m. on 17 November 2020:

   (a) in physical copy by depositing the same at the registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) by email to Mr. Lim Hoe Keng, the Chief Financial Officer of the Company, at the following email address: ir@stgroup.net.au.

9. If the questions are deposited in physical copy at the registered office of the Company's share registrar or sent via email, and in either case not accompanied by the completed and executed Proxy Form (as defined below), the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

   The Company will endeavour to address questions which are substantial and relevant prior to, or at, the AGM proceedings.

Voting by Proxy

10. A member will not be able to vote through the Live Webcast. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf. In appointing the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"), failing which the appointment will be treated as invalid.

11. The Proxy Form for the AGM can be accessed at the Company's website at the following URL: www.stgroup.net.au, and is made available with this Notice of AGM on SGXNET at the following URL: https://www.sgx.com/securities/company-announcements on the same day.

12. The Chairman of the AGM, as proxy, need not be a member of the Company.

13. The Proxy Form must be submitted to the Company in the following manner:

    (a) by depositing a hard copy by post at registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

    (b) by sending a scanned PDF copy by email to STGROUP-AGM@boardroomlimited.com.

    in either case, no later than 9.30 a.m. on 17 November 2020 ("**Proxy Deadline**").

14. A member who wishes to submit a Proxy Form must first **download, complete and sign the Proxy Form**, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

15. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

16. The instrument appointing the Chairman of the AGM as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

17. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy).

18. Members who hold their Shares through a relevant Intermediary* as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including Central Provident Fund ("**CPF**") Investment Scheme, the Supplementary Retirement Scheme ("**SRS**" and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 9.30 a.m. on 11 November 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

    *A Relevant Intermediary is:

    (a) a banking corporation licensed under the Banking Act (Chapter 19) of Singapore 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; or

    (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Chapter 289) of Singapore and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36) of Singapore (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

19. In the case of a member whose Shares are entered against his/her name in the depository register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such member is not shown to have Shares entered against his/her/its name in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

No Despatch of Physical Copies

20. The following documents are made available to members on 5 November 2020 together with this Notice of AGM via SGXNET at the following URL: https://www.sgx.com/securities/company-announcements and the Company's website at the following URL: www.stgroup.net.au:

(a) Annual Report for the financial year ended 30 June 2020 ("**Annual Report**"); and

(b) Proxy Form in relation to the AGM.

21. There will be no despatch of printed copies of Annual Report, Notice of AGM and Proxy Form. Members are advised to check SGXNET at the URL https://www.sgx.com/securities/company-announcements and the Company's website at the URL www.stgroup.net.au for the aforesaid documents.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company 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 the appointment of the Chairman as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED
(Company Registration No. 201801590R)
(Incorporated In The Republic of Singapore)

PROXY FORM

*This Proxy Form has been made available on the Company's corporate website (www.stgroup.net.au) and SGXNET. A printed copy of this Proxy Form will **not** be despatched to members of the Company.*

IMPORTANT:
1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the Annual General Meeting ("**AGM**") are set out in the Company's Notice of Annual General Meeting dated 5 November 2020 which has been uploaded on SGXNET on the same day. The announcement and the Notice of AGM can also be assessed at the Company's corporate website (www.stgroup.net.au).
2. A member will not be able to attend the AGM in person. Please see Note 3 below for further details.
3. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 November 2020.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors should approach their relevant intermediary as soon as possible to specify voting instructions. CPF/SRS investors should approach their respective CPF Agent Banks or SRS Operators at least seven working days before the AGM to ensure their votes are submitted.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the AGM as a member's proxy to vote on his/her/its behalf at the AGM.

I/We*, ____________________ (Name), NRIC/Passport number* ____________________

of ____________________ (Address)

being a member/members* of ST Group Food Industries Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the AGM** as my/our* proxy to vote for me/us* on my/our* behalf at the Annual General Meeting ("**AGM**") of the Company, to be held by way of electronic means on Friday, 20 November 2020 at 9.30 a.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of AGM dated 5 November 2020 in accordance with my/our* directions as indicated hereunder.

No.	Resolutions relating to:	Number of Votes For(1)	Number of Votes Against(1)	Number of Votes Abstain(1)
1	Directors' Statement and Audited Financial Statements for the financial year ended 30 June 2020			
2	Re-election of Mr. Saw Tatt Ghee as a Director			
3	Re-election of Mr. Chan Wee Kiang as a Director			
4	Approval of Directors' fees amounting to S$99,600 for the financial year ending 30 June 2021, to be paid quarterly in arrears			
5	Re-appointment of Baker Tilly TFW LLP as Auditors			
6	Authority to allot and issue shares			
7	Authority to grant awards and to allot and issue shares under the ST Group Performance Share Plan			
8	Proposed renewal of the Share Buyback Mandate			

(1) Voting will be conducted by poll. If you wish the Chairman of the AGM, as your proxy, to cast all your votes for or against a Resolution, please indicate with a "√" in the space provided under "For" or "Against". If you wish the Chairman of the AGM as your proxy to abstain from voting on a Resolution, please indicate with a "√" in the space provided under "Abstain". Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions, the appointment of the Chairman of the AGM as your proxy will be treated as invalid.

Dated this ________ day of ________________ 2020

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

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, Chapter 289 of Singapore), 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. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing to hold a physical meeting. Due to current COVID-19 situation and the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM will be held by way of electronic means and members will NOT be allowed to attend the AGM in person.

3. A member will not be able to vote through the Live Webcast. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

4. The Chairman of the AGM, as a proxy, need not be a member of the Company.

5. The Proxy Form must be submitted to the Company in the following manner:

   (a) by depositing a hard copy by post at registered office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) by sending a scanned PDF copy by email to STGROUP-AGM@boardroomlimited.com.

   in either case, no later than **9.30 a.m. on 17 November 2020, and failing which, this Proxy Form will not be treated as valid**.

6. A member who wishes to submit an instrument of proxy must first **download, complete and sign the Proxy Form**, before submitting it by depositing to the address provided above, or scanning and sending it by email to the email address provided above.

7. **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

8. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument 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 this Proxy Form is submitted by email, it must be authorised in the following manner:

   (a) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing this Proxy Form under hand and submitting a scanned copy of the signed Proxy Form by email.

   Where this Proxy Form is signed or, as the case may be, authorised on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this Proxy Form, failing which this Proxy Form may be treated as invalid.

9. Members who hold their Shares through a relevant Intermediary* as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF investors, SRS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 9.30 a.m. on 11 November 2020 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the AGM to vote on their behalf no later than the Proxy Deadline.

   *A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore 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; or

   (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy 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 the Chairman of the AGM as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy). In addition, in the case of members whose shares are entered against their names in the depository register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the depository register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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 AGM dated **5 November 2020**.

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