

## ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Republic of Singapore on 11 January 2018)  
(Company Registration Number: 201801590R)

### UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2019

*This announcement has been prepared by ST Group Food Industries Holdings Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, United Overseas Bank Limited (the “**Sponsor**”), for compliance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Chia Beng Kwan, Senior Director, Equity Capital Markets, who can be contacted at 80 Raffles Place, #03-03 UOB Plaza 1, Singapore 048624, telephone : +65 6533 9898*

*Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning ascribed to them in the offer document of ST Group Food Industries Holdings Limited dated 26 June 2019 (the “**Offer Document**”).*

#### **Background**

ST Group Food Industries Holdings Limited (the “**Company**”, and together with its subsidiaries, “**ST Group**” or the “**Group**”) was incorporated in the Republic of Singapore on 11 January 2018 and was listed on the Catalist Board of the SGX-ST on 3 July 2019.

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

The Group was formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s offer document dated 26 June 2019 (registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on 26 June 2019) (“**Offer Document**”) in respect of the initial public offering of the Company (“**IPO**”), for further details on the Restructuring Exercise.

As at 31 December 2019, ST Group has a network of 118 outlets comprising 48 Group-owned outlets and 70 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets.

**Number of outlets by brands**

	As at 31 December 2018		As at 31 December 2019	
	Owned	Sub-franchised/ sub-licensed	Owned	Sub- franchised/ sub-licensed
<b>PappaRich</b>				
- Australia	6	23	7	21
- New Zealand	-	3	-	5
<b>NeNe Chicken</b>				
- Australia	2	14	2	17
- Malaysia	4	1	5	6
<b>Gong Cha</b>				
- New Zealand	6	3	10	7
- United Kingdom	-	-	2	-
<b>Hokkaido Baked Cheese Tart</b>				
- Australia	10	7	11	5
- New Zealand	1	-	-	-
<b>iDarts</b>				
- Australia	-	4	-	5
<b>PAFU</b>				
- Australia	5	4	6	4
<b>IPPUDO</b>				
- Australia	2	-	2	-
- New Zealand	-	-	1	-
<b>KURIMU</b>				
- Australia	-	-	2	-
<b>Total</b>	<b>36</b>	<b>59</b>	<b>48</b>	<b>70</b>

**PART 1 – INFORMATION REQUIRED FOR HALF-YEAR RESULTS ANNOUNCEMENT**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>		<b>Increase/ (Decrease) %</b>
	<b>1H FY2020<sup>(1)</sup></b>	<b>1H FY2019<sup>(2)</sup></b>	
	<b>(AUD) (Unaudited)</b>	<b>(AUD) (Unaudited)</b>	
Revenue	29,077,681	24,950,612	16.5
Other income	850,325	877,527	(3.1)
<b>Expenses</b>			
Changes in inventories	1,066,787	416,529	156.1
Purchases of inventories	(9,228,004)	(6,760,819)	36.5
Franchise restaurants and stores related establishment costs	(722,816)	(1,061,512)	(31.9)
Rental expense	(505,143)	(2,460,671)	(79.5)
Staff costs	(9,797,316)	(7,700,084)	27.2
Depreciation expenses	(3,600,322)	(1,059,614)	239.8
Amortisation expense	(143,860)	(126,094)	14.1
Finance costs	(807,982)	(88,584)	812.1
IPO expense	(238,107)	-	NM
Other expenses	(3,064,470)	(3,092,452)	(0.9)
<b>Profit before tax</b>	<b>2,886,773</b>	<b>3,894,838</b>	<b>(25.9)</b>
Tax expense	(788,573)	(1,126,736)	(30.0)
<b>Profit for the period</b>	<b>2,098,200</b>	<b>2,768,102</b>	<b>(24.2)</b>
<b>Other comprehensive income</b>			
Item that is or may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation	6,604	5,179	27.5
<b>Total comprehensive income for the period</b>	<b>2,104,804</b>	<b>2,773,281</b>	<b>(24.1)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	1,883,676	1,912,485	(1.5)
Non-controlling interests	214,524	855,617	(74.9)
<b>Profit for the period</b>	<b>2,098,200</b>	<b>2,768,102</b>	<b>(24.2)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	1,890,280	1,917,664	(1.4)
Non-controlling interests	214,524	855,617	(74.9)
<b>Total comprehensive income for the period</b>	<b>2,104,804</b>	<b>2,773,281</b>	<b>(24.1)</b>

NM: Not meaningful

**Notes:**

- (1) "1H FY2020": six-month financial period from 1 July 2019 to 31 December 2019  
(2) "1H FY2019": six-month financial period from 1 July 2018 to 31 December 2018

**1(a)(ii) Notes to consolidated statements of profit or loss and other comprehensive income**

The Group's net profit was arrived after crediting / (charging) the following:

	Group		
	1H FY2020	1H FY2019	Increase/ (Decrease)
	(AUD)	(AUD)	%
	(Unaudited)	(Unaudited)	
Foreign exchange gain, net	51,829	87,177	(40.5)
Interest income	53,943	30,302	78.0
Depreciation on			
- property, plant and equipment	(1,407,474)	(1,059,614)	32.8
- right-of-use assets	(2,192,848)	-	NM
Property, plant and equipment written off	(12,049)	(192,819)	(93.8)
Professional fees	(230,499)	(238,384)	(3.3)
Rebates income from suppliers	498,790	419,293	19.0
Royalty fee expense	(427,094)	(409,987)	4.2
Advertising and marketing expense	(272,394)	(183,826)	48.2
Finance cost on			
- borrowings	(96,742)	(88,584)	9.2
- lease obligations	(711,240)	-	NM
Management fee expense	(19,500)	(497,533)	(96.1)
Utilities	(425,516)	(369,037)	15.3
Adjustment for under/(over) provision of tax in respect of prior periods :-			
- Income tax	1,323	(76,222)	NM
- Deferred tax	141,404	(6,740)	NM

*NM: Not meaningful*

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	As at 31 December 2019 (AUD) (Unaudited)	As at 30 June 2019 (AUD) (Audited)	As at 31 December 2019 (AUD) (Unaudited)	As at 30 June 2019 (AUD) (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15,302,566	13,717,296	-	-
Right-of-use assets	23,402,945	-	-	-
Intangible assets	3,406,989	3,541,376	-	-
Investment in subsidiaries	-	-	40,195,930	40,195,930
Financial assets at fair value through other comprehensive income ("FVOCI")	88,120	88,120	-	-
Deferred tax asset	3,136,842	2,418,675	426,198	545,832
Restricted cash	2,110,231	1,856,293	-	-
Other receivables	1,240,162	508,878	-	-
<b>Total non-current assets</b>	<b>48,687,855</b>	<b>22,130,638</b>	<b>40,622,128</b>	<b>40,741,762</b>
<b>Current assets</b>				
Contract assets	172,598	155,148	-	-
Inventories	2,978,930	1,886,739	-	-
Trade and other receivables	6,154,719	5,873,150	11,502,985	6,591,266
Cash and bank balances	11,278,403	4,197,272	5,309,351	561,134
<b>Total current assets</b>	<b>20,584,650</b>	<b>12,112,309</b>	<b>16,812,336</b>	<b>7,152,400</b>
<b>Total assets</b>	<b>69,272,505</b>	<b>34,242,947</b>	<b>57,434,464</b>	<b>47,894,162</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	57,200,622	47,490,345	57,200,622	47,490,345
Treasury shares	(297,136)	-	-	-
Other reserves	(39,516,145)	(39,522,749)	(297,136)	-
Retained earnings	5,360,480	4,585,647	213,163	(1,265,983)
Equity attributable to equity holders of the Company, total	22,747,821	12,553,243	57,116,649	46,224,362
Non-controlling interests	2,552,763	2,914,641	-	-
<b>Total equity</b>	<b>25,300,584</b>	<b>15,467,884</b>	<b>57,116,649</b>	<b>46,224,362</b>
<b>Non-current liabilities</b>				
Borrowings	1,499,461	1,771,022	-	-
Lease liabilities	23,579,764	-	-	-
Other payables	-	1,745,790	-	-
Contract liabilities	1,154,990	1,158,776	-	-
<b>Total non-current liabilities</b>	<b>26,234,215</b>	<b>4,675,588</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	8,793,418	9,885,628	317,815	1,669,800
Contract liabilities	773,559	621,513	-	-
Borrowings	1,241,680	1,201,153	-	-
Lease liabilities	4,908,179	-	-	-
Tax payable	2,020,870	2,391,181	-	-
<b>Total current liabilities</b>	<b>17,737,706</b>	<b>14,099,475</b>	<b>317,815</b>	<b>1,669,800</b>
<b>Total liabilities</b>	<b>43,971,921</b>	<b>18,775,063</b>	<b>317,815</b>	<b>1,669,800</b>
<b>Total equity and liabilities</b>	<b>69,272,505</b>	<b>34,242,947</b>	<b>57,434,464</b>	<b>47,894,162</b>

**1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**

**Amount repayable in one year or less, or on demand**

<b>As at 31 December 2019 (AUD)</b>		<b>As at 30 June 2019 (AUD)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
1,241,680	-	1,201,153	-

**Amount repayable after one year**

<b>As at 31 December 2019 (AUD)</b>		<b>As at 30 June 2019 (AUD)</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
1,499,461	-	1,771,022	-

**Details of any collateral**

As at the balance sheet date, the Group's borrowings were secured by way of:

- (i) general security over all assets of certain subsidiaries;
- (ii) goods security;
- (iii) legal charge on fixed deposit;
- (iv) corporate guarantees and guarantees provided by certain directors; and
- (v) renovation, fitting-out of our outlets, equipment and motor vehicles under finance leases.

**1(c) A statement of cash flows (for the Group), together with a comparative statement, for the corresponding period of the immediately preceding financial year.**

	<b>Group</b>	
	<b>1H FY2020</b>	<b>1H FY2019</b>
	<b>(AUD)</b>	<b>(AUD)</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities</b>		
Profit before tax	2,886,773	3,894,838
<u>Adjustments for:-</u>		
Depreciation on property, plant and equipment	1,407,474	1,059,614
Depreciation on right-of-use assets	2,192,848	-
Amortisation	143,860	126,094
Bad debts	2,766	-
Interest income	(53,943)	(30,302)
Interest expenses	807,982	72,660
Property, plant and equipment written off	12,049	192,819
Fair value gain on re-measurement of pre-existing equity interest in a subsidiary	-	(73,266)
Foreign exchange differences	23,950	(20,977)
Operating cash flow before working capital changes	7,423,759	5,221,480
Inventories	(1,092,191)	(395,259)
Receivables and contract assets	(526,905)	(162,209)
Payables and contract liabilities	(522,319)	889,086
Currency translation adjustments	(12,689)	(23,064)
Cash generated from operations	5,296,655	5,530,034
Income tax paid	(1,452,618)	(758,851)
<b>Net cash generated from operating activities</b>	<b>3,817,037</b>	<b>4,771,183</b>
<b>Cash flows from investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(199,470)
Purchases of property, plant and equipment	(2,859,596)	(3,647,965)
Purchases of intangibles assets	-	(886,010)
Advances to related parties	-	(8,312)
Interest received	53,943	30,302
<b>Net cash used in investing activities</b>	<b>(2,805,653)</b>	<b>(4,711,455)</b>

**1(c) A statement of cash flows (for the group), together with a comparative statement, for the corresponding period of the immediately preceding financial year.(continued)**

	<b>Group</b>	
	<b>1H FY2020 (AUD) (Unaudited)</b>	<b>1H FY2019 (AUD) (Unaudited)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	141,590	730,926
Repayment of borrowings	(488,002)	(473,254)
Advances from related parties	149,338	-
Repayment to shareholders/related parties	(296,995)	(1,347,908)
Dividends paid to shareholders	-	(238,000)
Dividends paid to non-controlling interests	(402,500)	(360,000)
Interest paid	(96,742)	(72,660)
Increase in fixed deposits pledged	(253,938)	(680,105)
Repayment on lease obligations	(2,474,715)	-
Purchase of treasury shares	(297,136)	-
IPO proceeds from issuance of ordinary shares	10,133,784	-
<b>Net cash generated /(used in) from financing activities</b>	<b>6,114,684</b>	<b>(2,441,001)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,126,068</b>	<b>(2,381,273)</b>
Cash and cash equivalents at beginning of the financial period	3,959,268	7,428,815
Effect of currency translation on cash and cash equivalents	(46,534)	9,077
<b>Cash and cash equivalents at end of the financial period</b>	<b>11,038,802</b>	<b>5,056,619</b>
<b>For purpose of presenting the Group's statements of cash flows, the cash and cash equivalents comprise the following:-</b>		
	11,278,403	5,298,358
Cash and bank balances	(239,601)	(241,739)
Less : Bank overdraft		
<b>Cash and cash equivalents</b>	<b>11,038,802</b>	<b>5,056,619</b>



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital (AUD)	Treasury Shares (AUD)	Other reserves (AUD)	Retained earnings (AUD)	Equity attributable to equity holders of the Company (AUD)	Non-controlling interests (AUD)	Total equity (AUD)
<b>As at 1 July 2019</b>	47,490,345	-	(39,522,749)	4,585,647	12,553,243	2,914,641	15,467,884
<b>Adoption of SFRS(I)16</b>	-	-	-	(1,108,843)	(1,108,843)	(173,902)	(1,282,745)
	47,490,345	-	(39,522,749)	3,476,804	11,444,400	2,740,739	14,185,139
Profit for the period	-	-	-	1,883,676	1,883,676	214,524	2,098,200
<b>Other comprehensive income</b>							
Currency translation differences on consolidation	-	-	6,604	-	6,604	-	6,604
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	6,604	-	6,604	-	6,604
<b>Total comprehensive income for the period</b>	-	-	6,604	1,883,676	1,890,280	214,524	2,104,804
<i>Transactions with owners recognised directly in equity</i>							
Issuance of new shares pursuant to IPO	10,133,784	-	-	-	10,133,784	-	10,133,784
Purchase of treasury shares	-	(297,136)	-	-	(297,136)	-	(297,136)
Capitalisation of IPO expenses	(423,507)	-	-	-	(423,507)	-	(423,507)
Dividends	-	-	-	-	-	(402,500)	(402,500)
<b>As at 31 December 2019</b>	<b>57,200,622</b>	<b>(297,136)</b>	<b>(39,516,145)</b>	<b>5,360,480</b>	<b>22,747,821</b>	<b>2,552,763</b>	<b>25,300,584</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)**

<b>Group</b>	<b>Share capital (AUD)</b>	<b>Other reserves (AUD)</b>	<b>Retained earnings (AUD)</b>	<b>Equity attributable to equity holders of the Company (AUD)</b>	<b>Non-controlling interests (AUD)</b>	<b>Total equity (AUD)</b>
<b>At 1 July 2018 (Audited)</b>	6,700,941	(219,043)	3,641,668	10,123,566	2,062,330	12,185,896
Profit for the period	-	-	1,912,485	1,912,485	855,617	2,768,102
<b>Other comprehensive income</b>						
Currency translation differences on consolidation	-	5,179	-	5,179	-	5,179
<b>Other comprehensive income for the financial period, net of tax</b>	-	5,179	-	5,179	-	5,179
<b>Total comprehensive income for the period</b>	-	5,179	1,912,485	1,917,664	855,617	2,773,281
<i>Transactions with owners recognised directly in equity</i>						
Issuance of ordinary shares	10,693	-	-	10,693	-	10,693
Issuance of non-redeemable convertible preference shares	486,800	-	-	486,800	-	486,800
Adjustment pursuant to the Restructuring Exercise	8,419,681	(7,447,736)	-	971,945	-	971,945
Dividends	-	-	(230,000)	(230,000)	(360,000)	(590,000)
<b>At 31 December 2018 (Unaudited)</b>	<b>15,618,115</b>	<b>(7,661,600)</b>	<b>5,324,153</b>	<b>13,280,668</b>	<b>2,557,947</b>	<b>15,838,615</b>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (continued)**

<b>Company</b>	<b>Share capital (AUD)</b>	<b>Treasury shares (AUD)</b>	<b>Other reserves (AUD)</b>	<b>Retained Earnings (AUD)</b>	<b>Total Equity (AUD)</b>
<b>At 1 July 2018</b>	6,698,984	-	-	7,624	6,706,608
Profit and total comprehensive income for the financial period	-	-	-	(147,708)	(147,708)
Issuance of ordinary shares	10,693	-	-	-	10,693
Issuance of non-redeemable convertible preference shares	486,800	-	-	-	486,800
<b>At 31 December 2018</b>	<b>7,196,477</b>	<b>-</b>	<b>-</b>	<b>(140,084)</b>	<b>7,056,393</b>
<b>At 1 July 2019</b>	47,490,345	-	-	(1,265,983)	46,224,362
Profit and total comprehensive income for the financial period	-	-	-	1,479,146	1,479,146
Issuance of new shares pursuant to IPO	10,133,784	-	-	-	10,133,784
Purchase of treasury shares	-	(297,136)	-	-	(297,136)
Capitalisation of IPO expenses	(423,507)	-	-	-	(423,507)
<b>At 31 December 2019</b>	<b>57,200,622</b>	<b>(297,136)</b>	<b>-</b>	<b>213,163</b>	<b>57,116,649</b>

**1(d)(ii)** Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Issued and paid-up share capital (AUD)
<b><u>Ordinary Shares</u></b>		
As at 1 July 2019	209,000,000	47,490,345
Issuance of shares pursuant to IPO	37,000,000	10,133,784
Less : Capitalisation of IPO expense	-	(423,507)
	<hr/>	<hr/>
As at 31 December 2019	<u>246,000,000</u>	<u>57,200,622</u>

	Number of Shares	Issued and paid-up share capital (AUD)	Percentage of the aggregate number of the treasury shares against the total number of shares outstanding
<b><u>Treasury Shares</u></b>			
As at 31 December 2018	-	-	-
Shares buy back	1,035,000	297,136	0.4%
	<hr/>	<hr/>	<hr/>
As at 31 December 2019	<u>1,035,000</u>	<u>297,136</u>	<u>0.4%</u>

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

The Company has adopted the Plan on 10 June 2019 and as at the date of this announcement, the Company has not granted any awards under the Plan.

The Company did not have any outstanding options, convertibles and subsidiary holdings as at 31 December 2018 and 31 December 2019.

**1(d)(iii)** To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year.

	At 31 December 2019	At 30 June 2019
Total number of shares issued, excluding treasury shares	244,965,000	209,000,000

**1(d)(iv) A statement showing all sales, transfers, cancellation and /or use of treasury share as at the end of the current financial period reported on.**

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors of the Company.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, which are consistent with the audited financial statements for the year ended 30 June 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group and the Company have adopted the new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), and Interpretations of Singapore Financial Reporting Standards (International) ("**SFRS(I) INT**") which took effect for the accounting periods beginning on or after 1 July 2019. The adoption of these new and revised financial SFRS(I)s and SFRS(I) INTs has no material impact on the financial performance and financial position of the Group for the financial period ended 31 December 2019, except for SFRS(I) 16 Leases.

Under the new financial reporting standard, for the lessee, almost all leases (except for leases less than 12 months and lease of low-value asset) will be brought onto the Statements of Financial Position by recognising a right-of-use asset and a corresponding liability. For the lessor, the accounting remains largely unchanged.

The Group recognised its existing operating lease arrangements (except leases less than 12 months and lease of low-value assets) where the Group is a lessee as right-of-use asset equal to its lease liabilities as at 1 July 2019 in accordance with SFRS(I) 16.

The nature of expenses related to the leases will correspondingly change. Operating rental expenses previously recognised in the Consolidated Statements of Comprehensive Income will be replaced with depreciation charge for right-of-use assets and financial cost for lease liabilities.

Consolidated Statement of Financial Position (Group)

	<b>Adjustment on 1 July 2019 (AUD)</b>
<u>Non-current assets:</u>	
Right-of-use assets	22,069,775
Net investment	2,227,788
<u>Current assets</u>	
Net investment	313,727
<u>Non-current liabilities:</u>	
Lease liabilities	23,671,855
<u>Current liabilities:</u>	
Lease liabilities	4,588,136

Consolidated Statement of Comprehensive Income (Group)

	<b>1H FY2020 (AUD) Increase/(Decrease)</b>
Rental expenses	(1,955,528)
Depreciation of right-of-use assets	2,192,848
Interest income	23,641
Finance cost	711,240

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>1H FY2020</b>	<b>1H FY2019</b>
Profit attributable to owners of the Company (AUD)	1,883,676	1,912,485
Weighted average number of ordinary shares in issue, excluding treasury shares <sup>(1)</sup>	<u>245,799,565</u>	<u>246,000,000</u>
Basic and diluted earnings per share (AUD cents)	<u><u>0.8</u></u>	<u><u>0.8</u></u>

**Note:**

- (1) For comparative purposes, the earnings per share for 1H FY2019 have been computed based on the profit attributable to owners of the Company and the enlarged share capital of 246,000,000 Shares, assuming that the Restructuring Exercise and the issuance of 30,077,000 Placement Shares and 6,923,000 Cornerstone Shares pursuant to the IPO had been completed as at the end of 1H FY2019.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the (a) Current financial period reported on; and (b) Immediately preceding financial year.**

	Group		Company	
	As at 31 December 2019	As at 30 June 2019	As at 31 December 2019	As at 30 June 2019
Net asset value ("NAV") (AUD)	22,747,821	12,553,243	57,116,649	46,224,362
Number of ordinary shares, excluding treasury shares <sup>(1)</sup>	<u>244,965,000</u>	<u>246,000,000</u>	<u>244,965,000</u>	<u>246,000,000</u>
NAV per ordinary share (AUD cents)	<u>9.3</u>	<u>5.1</u>	<u>23.3</u>	<u>18.8</u>

**Note:**

- (1) For comparative purposes, the NAV per share for 1H 2019 have been computed based on the enlarged share capital of 246,000,000 Shares, assuming that the Restructuring Exercise and the issuance of 30,077,000 Placement Shares and 6,923,000 Cornerstone Shares pursuant to the IPO had been completed as at 1H FY2019.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## REVIEW OF THE GROUP'S PERFORMANCE

### Revenue

Revenue increased by A\$4.1 million or 16.5%, from A\$25.0 million in 1H FY2019 to A\$29.1 million in 1H FY2020 mainly due to contributions from the following revenue segments.

- (i) revenue from F&B retail sales increased by A\$4.0 million or 23.5% from A\$17.0 million in 1H FY2019 to A\$21.0 million in 1H FY2020 due to additional revenue contributions from new outlets opened for Gong Cha (in the United Kingdom and New Zealand) and IPPUDO (in New Zealand) during the period. The total number of Group-owned outlets increased by 12 from 36 as at the end of 1H FY2019 to 48 as at the end of 1H FY2020;
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) increased by A\$0.6 million or 13.6% from A\$4.4 million in 1H FY2019 to A\$5.0 million in 1H FY2020, mainly due to growth in the total number of sub-franchised and sub-licensed outlets in 1H FY2020. The total number of sub-franchised and sub-licensed outlets increased by 11 from 59 as at the end of 1H FY2019 to 70 as at the end of 1H FY2020; and
- (iii) franchise revenue decreased by A\$0.6 million or 16.1% from A\$3.5 million in 1H FY2019 to A\$2.9 million in 1H FY2020 due mainly to a A\$0.6 million decrease in project income, which relates to the renovation and fitting-out of new outlets for sub-franchisees.

The Group saw an increase in percentage of revenue contributed from outlets in United Kingdom and New Zealand in 1H FY2020, in line with an increase in the number of “Gong Cha” outlets in United Kingdom and New Zealand, as well as the launch of a new owned brand “Kurimu” during the period under review.

#### Other income

Other income remained relatively stable for both 1H FY2020 and 1H FY2019.

#### Changes in inventories

Changes in inventories amounted to an increase of A\$1.1 million in 1H FY2020, as compared to an increase of A\$0.4 million in 1H FY2019. The increase in the balance of our inventories in 1H FY2020 is mainly due to additional inventories held at the end of 1H FY2020 required during the roll out of new menus and imported bulk purchase which arrived in December 2019 for “Papparich” brand and bulk purchase from Taiwan for Gong Cha for our outlets in the United Kingdom.

#### Purchases of inventories

Purchases of inventories increased by A\$2.4 million or 36.5%, from A\$6.8 million in 1H FY2019 to A\$9.2 million in 1H FY2020, in line with the overall increase in our aggregate revenue from F&B retail sales and supply chain sales as well as additional inventories purchased for the launching of new menus mentioned above.

#### Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs decreased by A\$0.4 million or 31.9% from A\$1.1 million in 1H 2019 to A\$0.7 million in 1H FY2020 in line with the decrease in project income in 1H FY2020.

#### Staff costs

Staff costs increased by A\$2.1 million or 27.2% from A\$7.7 million in 1H FY2019 to A\$9.8 million in 1H FY2020, due mainly to an increase in salaries as a result of an increase in the number of employees to cater to our business expansion and also the general increase in the annual wage rate.

#### Depreciation

Depreciation expenses increased by A\$2.5 million or 239.8% from A\$1.1 million in 1H FY2019 to A\$3.6 million in 1H FY2020 due mainly to increase in depreciation expense for property, plant and equipment as well as right-of-use assets.

Depreciation expense for property, plant and equipment increased by A\$0.3 million or 32.8% from A\$1.1 million in 1H FY2019 to A\$1.4 million in FY2019, due mainly to renovation of premises and addition of new equipment, furniture and fittings for new outlets opened by our Group during the year.

Depreciation on right-of-use asset of A\$2.2 million was due to adoption of the new accounting standard SFRS(I) 16 Leases in 1H FY 2020, which came into effect on 1 January 2019.

#### Rental on operating leases

The significant decrease in rental on operating leases of A\$2.0 million was due to the effect of the adoption of SFRS(I) 16 Leases.



### Amortisation expense

Amortisation expense remained relatively stable at A\$0.1 million for both 1H FY2019 and 1H FY2020 and was in relation to amortisation of master franchise fees paid for our exclusive franchise and licensing rights

### Finance costs

Finance costs increased by A\$0.7 million or 812.1% from A\$0.1 million in 1H FY2019 to A\$0.8 million in 1H FY2020 due mainly to the adoption of the new accounting standard SFRS(I) 16 Leases which requires recognition of finance cost on lease liabilities.

### IPO expense

IPO expense of A\$0.2 million was incurred in 1H FY2020.

### Other expenses

Other expenses remained relatively stable for both 1H FY2020 and 1H FY2019.

### Profit for the period

As a result of the foregoing, profit for the period decreased by A\$0.7 million or 24.2% from A\$2.8 million in 1H FY2019 to A\$2.1 million in 1H FY2020. On a normalised basis and for illustrative purposes, excluding the impact of the listing expenses of A\$0.2 million incurred in 1H FY2020, the Group's profit for period for 1H FY2020 would have been A\$2.3 million, a decrease of A\$0.5 million or 18.2% from 1H FY2019.

### Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company was relatively stable at A\$1.9 million for both 1H FY2020 and 1H FY2019. Excluding the impact of IPO expenses, profit attributable to equity holders of the Company would have increased by 7.2% from \$1.9 million to \$2.1 million.

## **REVIEW OF THE GROUP'S FINANCIAL POSITION**

### Non-current Assets

The Group's non-current assets increased by A\$26.6 million or 120.0% from A\$22.1 million as at 30 June 2019 to A\$48.7million as at 31 December 2019, mainly attributable to the following:

- (i) an increase in right-of-use asset of \$23.4 million as at 31 December 2019 as a result of adoption of SFRS(I) 16 Leases.
- (ii) an increase in property, plant and equipment of A\$1.6 million in line with the increase in the number of Group-owned outlets in 1H FY2020.
- (iii) increase in restricted cash of A\$0.3million, mainly due to additional deposits pledged to financial institutions as guarantees provided to landlords for certain leased premises during the lease period.
- (iv) an increase in deferred tax asset of A\$0.7 million mainly due to additional provision required arising from the adoption of SFRS(I) 16 Leases.
- (v) an increase in other receivables of A\$0.7 million mainly due to net investments of A\$0.7 million as a result of adoption of SFRS(I) 16 Leases relating to sub-lease of space at our outlet
- (vi) premises to third parties.

### Current Assets

Current assets increased by A\$8.5 million or 70.0%, from A\$12.1 million as at 30 June 2019 to A\$20.6 million as at 31 December 2019, mainly due to an increase in cash and bank balances of A\$7.1 million; an increase in inventories of A\$1.1 million and an increase in trade and other receivables of \$0.3 million.

The increase in cash and bank balances was mainly due to the receipt of IPO proceeds.

### Non-current Liabilities

The Group's non-current liabilities increased by A\$21.5 million or 461.1%, from A\$4.7 million as at 30 June 2019 to A\$26.2 million as at 31 December 2019, due to recognition of lease liabilities of \$23.6 million a result of the adoption of new accounting standard, SFRS(I) 16 Leases. The increase in non-current liabilities was partially offset by a decrease in borrowings of A\$0.3 million and a decrease in other payables of A\$1.7 million (as a result of reversal of lease incentives and straightline lease liabilities to retained profits).

### Current Liabilities

The Group's current liabilities increased by A\$3.6 million or 25.8%, from A\$14.1 million as at 30 June 2019 to A\$17.8 million as at 31 December 2019, due mainly to recognition of lease liabilities of \$4.9 million, a result of adoption of new accounting standards, SFRS(I) 16 Leases and increase in contract liabilities of A\$0.2 million. The increase was partially offset by decrease in trade and other payables of A\$1.1 million and tax payable of A\$0.4 million.

The decrease in trade and other payables was mainly attributable to (i) a decrease in accrual for operating expense of A\$1.5 million due mainly to payment made in relation to listing expense; (ii) reversal of lease incentive and straightline lease liability of A\$0.3 million to retained profits; and (iii) reduction in other payables and accruals of A\$0.6 million. The decrease is partially offset by the increase in trade payable of A\$1.3 million.

### Working Capital

The Group reported a positive net working capital of A\$2.8 million as at 31 December 2019, as compared to a negative working capital of A\$2 million as at 30 June 2019.

## **REVIEW OF THE GROUP'S CASH FLOW STATEMENT**

We generated net cash from operating activities before changes in working capital of A\$7.4 million. Net cash used in working capital amounted to A\$2.1 million, due mainly to (i) a decrease in payables and contract liabilities of A\$0.5 million, (ii) an increase in inventories of A\$1.1 million; and (iii) an increase in receivables and contract assets of A\$0.5 million. We also paid income tax of A\$1.5 million. As a result, net cash generated from operating activities amounted to A\$3.8 million.

Net cash used in investing activities amounted to A\$2.8 million, due mainly to additions to property, plant and equipment as we expanded our operations and increased our number of outlets.

Net cash generated in financing activities amounted to A\$6.1 million, due mainly to (i) receipt of net IPO proceeds of A\$10.1 million, partly offset by (i) repayment of bank borrowings of A\$0.5 million; (ii) repayment of lease obligations of A\$2.5 million; (iii) purchase of treasury shares of A\$0.3 million; (iv) dividend payment to non-controlling interest of A\$0.4 million; and (v) an increase in fixed deposits pledged of A\$0.3 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As part of the strategy to expand the Group's geographical market, it will be concentrating its effort on expanding more outlets in the next 12 months. This will further strengthen the Group's brands in the regions. The Group is also aiming to open more outlets in the United Kingdom and New Zealand, through Gong Cha, Kurimu and NeNe Chicken brands. As at 31 December 2019, the Group has a network of 118 outlets comprising 48 Group-owned outlets and 70 outlets owned by its sub-franchisees and sub-licensees.

The recent 2019 Covid-19 is expected to negatively impact many aspects of the global economy. In particular, tourism and travel for leisure and business. Although our businesses have not been adversely affected to-date, we believe that the operating environment will become challenging as the spread of the 2019 Covid-19 runs its course. However, we are unable to quantify the impact on our business at this stage. We will endeavour to keep abreast of developments in the market and continue maintain financial prudence in the face of this challenge.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

Yes.

**(b) (i) Amount per share**

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in AUD cents)	A\$0.005 per ordinary share
Treasury shares	Not entitled
Tax rate	Not applicable

**(ii) Previous corresponding period**

Nil

**(c) Date payable**

Interim dividend is payable on 13<sup>th</sup> March 2020 in Singapore Dollar. The exchange rate to be used in determining payment of Interim Dividend in Singapore Dollar will be disclosed in due course.

**(d) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 4<sup>th</sup> March 2020 will be registered before entitlements to the dividend are determined.

12. **If no dividend has been declared/recommended, a statement to the effect and the reason(s) for the decision.**

Not applicable.

13. **If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for recurrent interested person transactions.

14. **Negative confirmation by the board pursuant to Rule 705(5)**

To the best knowledge of the Board, nothing has come to the attention of the Board which may render the unaudited financial results of the Group and the Company for 1H FY2020 to be false or misleading in any material aspect.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

16. **Use of IPO proceeds**

The Company received proceeds from the IPO of approximately S\$6.2 million (the “**Net Proceeds**”). As at the date of this announcement, the Net Proceeds have been utilised as follows:

	<b>Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)</b>	<b>Net proceeds utilised as at the date of this announcement (S\$'000)</b>	<b>Balance of Net Proceeds (S\$'000)</b>
Expansion of franchise network and introduction of new brands and concepts	4,000	(2,040)	1,960
Acquisition of new equipment and machinery and expansion of our existing Central Kitchen and corporate office in Australia	1,000	-	1,000
Establishing a new central kitchen and corporate office in Malaysia	600	-	600
General working capital purposes	600	-	600
<b>Total</b>	<b>6,200</b>	<b>(2,040)</b>	<b>4,160</b>

**BY ORDER OF THE BOARD**

Saw Tatt Ghee  
Executive Chairman and Chief Executive Officer  
13 February 2020