



**Chaswood Resources Holdings Ltd.**

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200401894D)

**CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**



# Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)  
(Company Registration No. 200401894D)

## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### PART I - UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

#### Condensed interim consolidated income statement of comprehensive income

THE GROUP	HALF YEAR ENDED 30 JUNE			
	Note	2021 RM'000	2020 RM'000	Increase/ (Decrease) %
Revenue	3	765	746	2.5%
Cost of sales		(270)	(294)	-8.2%
<b>Gross profit</b>		495	452	9.5%
<b><u>Other Items of Income</u></b>				
Other credits		1,151	-	100.0%
<b><u>Other Items of Expense</u></b>				
Marketing and distribution costs		(18)	(10)	80.0%
Administrative expenses		(943)	(869)	8.5%
Finance costs		(34)	(40)	0.0%
Other charges				0.0%
Other losses		-	-	N.M
Other expenses		(168)	(161)	4.3%
<b>Profit/ (Loss) before taxation</b>	4	483	(628)	-176.9%
Income tax expense	5	(114)	-	100.0%
<b>Profit / (loss) after taxation</b>		369	(628)	-158.8%
<b>Other comprehensive income/ (loss) net of tax:-</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Exchange differences on translating foreign operations				
- Loss on translation of foreign operations		(764)	(1,180)	N.M
<b>Total comprehensive loss</b>		(395)	(1,808)	-78.2%
Profit/(loss) attributable to owners of the company, net of tax		369	(628)	-158.8%
Profit/(loss) attributable to non-controlling interests, net of tax		-	-	N.M
<b>Profit / (loss) after tax</b>		369	(628)	-158.8%
Total comprehensive loss attributable to owners of the company, net of tax		(395)	(1,808)	-78.2%
Total comprehensive loss attributable to non-controlling interests, net of tax		-	-	N.M
<b>Total comprehensive loss</b>		(395)	(1,808)	-78.2%

N.M: Not Meaningful



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Condensed interim statements of financial position

	Note	The Group		The Company	
		30 June 2021 RM'000	31 December 2020 RM'000	30 June 2021 RM'000	31 December 2020 RM'000
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property and Equipment	9	1,923	2,091	-	-
Investment in Subsidiaries	10	-	-	125	-
<b>Total Non-Current Assets</b>		<b>1,923</b>	<b>2,091</b>	<b>125</b>	<b>-</b>
<b>Current Assets</b>					
Inventories		27	21	-	-
Trade and Other Receivables	11	68	210	1	1
Other Assets	12	211	169	-	-
Cash and Cash Equivalents		1,718	1,058	-	-
<b>Total Current Assets</b>		<b>2,024</b>	<b>1,458</b>	<b>1</b>	<b>1</b>
<b>Total Assets</b>		<b>3,947</b>	<b>3,549</b>	<b>126</b>	<b>1</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share Capital	6	24,464	24,464	162,132	162,132
Other Reserves		29,309	30,073	28,336	29,114
Accumulated Losses		(115,201)	(115,570)	(252,769)	(252,340)
<b>Total Equity Attributable to Owners of the Parent</b>		<b>(61,428)</b>	<b>(61,033)</b>	<b>(62,301)</b>	<b>(61,094)</b>
Non-Controlling Interest		(433)	(433)	-	-
<b>Total Equity</b>		<b>(61,861)</b>	<b>(61,466)</b>	<b>(62,301)</b>	<b>(61,094)</b>
<b>Non-Current Liabilities</b>					
Deferred Tax Liabilities		141	96	-	-
Lease liabilities	8	719	825	-	-
<b>Total Non-Current Liabilities</b>		<b>860</b>	<b>921</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>					
Provision for Taxation		406	502	-	1
Trade and Other Payables	7	64,333	63,391	62,427	61,094
Lease liabilities	8	209	201	-	-
<b>Total Current Liabilities</b>		<b>64,948</b>	<b>64,094</b>	<b>62,427</b>	<b>61,095</b>
<b>Total Liabilities</b>		<b>65,808</b>	<b>65,015</b>	<b>62,427</b>	<b>61,095</b>
<b>Total Equity and Liabilities</b>		<b>3,947</b>	<b>3,549</b>	<b>126</b>	<b>1</b>



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Condensed interim consolidated statement of cash flows

		HALF YEAR ENDED 30 JUNE	
	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before tax		483	(628)
Adjustment for:			
Depreciation of property and equipment	4	168	161
Reversal of impairment loss on : -			
Receivables	4	(132)	-
Interest expense on lease liabilities		34	40
		<hr/>	<hr/>
Operating profit / (loss) before working capital changes		553	(427)
Inventories		(6)	13
Trade and other receivables		142	18
Other assets		(42)	-
Trade and other payables		309	596
		<hr/>	<hr/>
<b>Net cash flows from operations</b>		956	200
Tax Paid		(163)	(43)
		<hr/>	<hr/>
<b>Net cash flows from operating activities</b>		<hr/> 793	<hr/> 157
<b>Cash flows used in financing activities</b>			
Principal payment on lease liabilities		(98)	(92)
Interest paid on lease liabilities		(34)	(40)
		<hr/>	<hr/>
<b>Net cash flows used in financing activities</b>		(132)	(132)
<b>Net increase in cash and cash equivalents</b>			
Foreign exchange differences		(1)	(3)
Cash and cash equivalents at the beginning of the financial period		1,058	110
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial period</b>		1,718	132
		<hr/>	<hr/>
<u>Cash and cash equivalents:-</u>			
Not restricted in use		1,718	132
Restricted in use		-	-
		<hr/>	<hr/>
		1,718	132



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Condensed interim statements of changes in equity

The Group	Attributable to owners of the Company				Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	Total RM'000		
Balance as at 1 January 2021	24,464	30,073	(115,570)	(61,033)	(433)	(61,466)
<b>Total comprehensive income/(loss) for the period</b>						
Profit after tax	-	-	369	369	-	369
Effects of translation of net assets of foreign operations	-	(764)	-	(764)	-	(764)
Total comprehensive loss for the period	-	(764)	369	(395)	-	(395)
<b>Balance as at 30 June 2021 (Unaudited)</b>	<b>24,464</b>	<b>29,309</b>	<b>(115,201)</b>	<b>(61,428)</b>	<b>(433)</b>	<b>(61,861)</b>
Balance as at 1 January 2020	24,464	30,739	(115,819)	(60,616)	(433)	(61,049)
<b>Total comprehensive income/(loss) for the period</b>						
Loss after tax	-	-	(628)	(628)	-	(628)
Effects of translation of net assets of foreign operations	-	(1,180)	-	(1,180)	-	(1,180)
Total comprehensive loss for the period	-	(1,180)	(628)	(1,808)	-	(1,808)
<b>Balance as at 30 June 2020 (Unaudited)</b>	<b>24,464</b>	<b>29,559</b>	<b>(116,447)</b>	<b>(62,424)</b>	<b>(433)</b>	<b>(62,857)</b>

### The Company

	Note	Attributable to owners of the Company			Total Equity RM'000
		Share Capital RM'000	Other Reserve RM'000	(Accumulated Losses) RM'000	
Balance as at 1 January 2021	6	162,132	29,114	(252,340)	(61,094)
<b>Total comprehensive income/(loss) for the period</b>					
Loss after tax		-	-	(429)	(429)
Effects of translation of net assets of foreign operations		-	(778)	-	(778)
Total comprehensive loss for the period		-	(778)	(429)	(1,207)
<b>Balance as at 30 June 2021 (Unaudited)</b>		<b>162,132</b>	<b>28,336</b>	<b>(252,769)</b>	<b>(62,301)</b>
Balance as at 1 January 2020	6	162,132	29,779	(252,375)	(60,464)
<b>Total comprehensive income/(loss) for the period</b>					
Loss after tax		-	-	(414)	(414)
Effects of translation of net assets of foreign operations		-	(1,170)	-	(1,170)
Total comprehensive loss for the period		-	(1,170)	(414)	(1,584)
<b>Balance as at 30 June 2020 (Unaudited)</b>		<b>162,132</b>	<b>28,609</b>	<b>(252,789)</b>	<b>(62,048)</b>



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Notes to the condensed interim consolidated financial statements

#### 1. Corporate Information

Chaswood Resources Holdings Ltd. (the “Company”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is incorporated in Singapore with limited liability. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The financial statements are presented in Ringgit Malaysia (“RM”). The registered office is at 80 Robinson Road, #02-00, Singapore 068898.

The principal business of the Company is that of an investment holding company. The Group operates the casual dining business serving food and beverages.

#### 2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared on a going concern basis and in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Malaysian Ringgit which is the Group’s functional currency.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1, which have no significant impact on the Group.

The ability of the Group and the Company to continue as a going concern is dependent on the successful outcome of the matters set out in [paragraph 5 of the other information required by Appendix 7C of the Catalist Rules - Working Capital (Liquidity and going concern assumptions)] together with the future profitability of the operations of the Group.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently stated in the consolidated statement of financial position of the Group and the statement of financial position of the Company. No such adjustments have been made to these financial statements.

##### 2.1 New and amended standards adopted by the Group

The Group has adopted various new and revised SFRS(I)s that are relevant to its operations and effective for the period beginning 1 January 2021.

##### 2.2 Use of judgements and estimates



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In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

There are no significant judgements made in applying the Group's accounting policies which would have a significant effect on the amounts recognised in the financial statements. Judgments and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Revenue

#### Business segment

As the Group operates principally in a single segment business which is in the casual dining business serving food and beverages, no business segment reporting is presented.

#### Geographical segment

The geographical segment is presented as follows:

	Segment revenue		Segment profit / (loss)		Depreciation of property and equipment		Development fee income	
	Half Year Ended		Half Year Ended		Half Year Ended		Half Year Ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Operations</b>								
Malaysia	765	746	808	(201)	(168)	(161)	1,000	-
Singapore	-	-	(438)	(424)	-	-	-	-
Thailand	-	-	(1)	(3)	-	-	-	-
<b>Total</b>	<b>765</b>	<b>746</b>	<b>369</b>	<b>(628)</b>	<b>(168)</b>	<b>(161)</b>	<b>1,000</b>	<b>-</b>

#### Timing of revenue recognition

- at a point in time	765	746
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	30 June 2021 Unaudited RM'000	31 December Audited RM'000
<b>Segment assets</b>		
Malaysia	3,864	3,466
Singapore	1	1
Thailand	33	35
China	49	47
<b>Total</b>	<b>3,947</b>	<b>3,549</b>
<b>Segment liabilities</b>		
Malaysia	2,429	2,338
Singapore	62,961	62,245
Thailand	397	412
China	21	20
<b>Total</b>	<b>65,808</b>	<b>65,015</b>





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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### 4. Profit / (loss) before tax

#### 4.1 Following significant items were credited/(charged) to arrive at the profit / (loss) before tax

THE GROUP	HALF YEAR ENDED 30 JUNE		
	2021	2020	Increase/ (Decrease)
	RM'000	RM'000	%
Development fee income	1,000	-	100.0%
Reversal of impairment allowance on receivables	132	-	100.0%
Rental rebate received	19	-	100.0%
Depreciation of property and equipment	(168)	(161)	4.3%

#### 4.2 Related party transactions

There are no material related party transactions during the financial period apart from those disclosed elsewhere in the financial statements.

### 5. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	2021 RM'000	2020 RM'000
Current income tax expense	(69)	-
Deferred income tax expense relating to origination and reversal of temporary difference	(45)	-
	<b>(114)</b>	<b>-</b>

### 6. Share Capital

The issued and paid-up share capital of the Company are as follow:

Issued and paid up share capital	Number of shares	Issued and paid up share capital (RM)
Share capital as at 30 June 2021 and 30 June 2020	250,605,231	162,131,973

There are no outstanding convertibles as at 30 June 2021 and 30 June 2020.

As at 30 June 2021	As at 31 December 2020
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Total number of issued shares excluding treasury shares	250,605,231	250,605,231
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The Company has no treasury shares and subsidiary holdings as at 30 June 2021, 31 December 2020, and 30 June 2020.

### 7. Trade and other payables

	THE GROUP	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Trade payables	200	214
Other payables and accruals	15,917	15,377
Corporate guarantee granted by the Company as security for the disposed subsidiaries' banking facilities, exchangeable bonds and loans from certain creditors	48,216	47,800
<b>Total</b>	<b>64,333</b>	<b>63,391</b>

The increase in other payables and accruals was mainly due to the accrual of professional fees.

The increase in corporate guarantee provision of approximately RM0.4 mil was mainly due to the foreign exchange translation.

As at 30 June 2021, other payables, accruals and corporate guarantees amounting to approximately RM62.5 million are subject to the proposed scheme of arrangement with creditors ("SOA") undertaken by the Company. Further information on the Singapore SOA is detailed in the paragraph on working capital below. Refer to Paragraph 5 of the other information required by Appendix 7C of the Catalist Rules -- Review of Financial Position (Current liabilities).

### 8. Lease liabilities

Amount repayable in one year or less, or on demand

	30 June 2021		31 December 2020	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	209	-	201
	-	209	-	201

Amount repayable after one year

	30 June 2021		31 December 2020	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	719	-	825
	-	719	-	825

#### Details of any collateral

There are no collaterals for the unsecured lease liability which arose pursuant to the adoption of SFRS (I) 16 (Leases).



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### 9. Property and equipment

During the six months ended 30 June 2021 and 30 June 2020, there were no additions and disposals of assets in the Group.

Decrease of net book value was due to depreciation charges during the period.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 8.

The Company has reviewed the recoverable amount of property and equipment which was estimated on the basis of value-in-use. Property and equipment is allocated to cash-generating units for the purpose of impairment testing. Based on the review and assumptions used, there is no indication of impairment on the property and equipment.

### 10. Investment in subsidiaries

	The Company	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Unquoted equity shares at cost	1,079	954
Allowance for impairment	(954)	(954)
Unquoted equity shares net of impairment	125	-

Increase in Company investment in the wholly-owned subsidiary pursuant to the requirement of tenancy agreement for the new restaurant.

### 11. Trade and other receivables

	THE GROUP	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<b>Outside parties</b>		
Trade receivables	1	5
Other receivables	67	205
	68	210

### 12. Other assets

	THE GROUP	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
Prepayments	27	1
Rental deposits	184	168
	211	169

### 13. Financial assets and liabilities



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial period:

	THE GROUP	
	As at 30 June 2021 RM'000	As at 31 December 2020 RM'000
<u>Financial assets:</u>		
Cash and cash equivalents	1,718	1,058
Trade and other receivables	68	210
Other assets	211	169
	<u>1,997</u>	<u>1,437</u>
 <u>Financial liabilities:</u>		
Trade and other payables	64,333	63,391
Lease liabilities	928	1,026
	<u>65,261</u>	<u>64,417</u>

### 14. Seasonal operations

The Group's businesses and consumers are not seasonal in nature. The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 15. Subsequent events

There are no subsequent events which have led to adjustments to this set of interim financial statements.



## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Other information as required by the Appendix 7C of the Catalist Rules

1. **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 Company's auditors.

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

Not applicable.

- 2A. **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**

For FY2020 financial statements, the Company's auditors have issued an "except for" opinion on the following basis:

- Key consideration resulting in an "except for" qualified opinion issued by the Independent Auditors on the limitation of scope on the audit of Chaswood Resources Sdn Bhd and its subsidiaries ("CRSB Group") was the inability to obtain necessary information and explanations to audit the financial statements of CRSB Group and to carry out alternative procedures to satisfy themselves as to the accuracy of the figures relating to the discontinued operations and disposal of the CRSB Group in FY2019. The disposal of CRSB Group by the Company was completed on 4 October 2019.

Update:

From FY2020 onwards, CRSB Group's financials were no longer reflected as a part of the Group's financial results since it was already disposed in 2019. The Company had requested for access to the information on CRSB Group but due to the lack of resources by the disposed CRSB Group, the information requested was not able to be provided. This matter was raised in FY2019's audit report and the same matter was raised again in FY2020's audit report in view that the FY2020's financial statements contained the comparative figures of FY2019.

Since FY2021 financial statements would not present FY2019 figures, the Company does not expect the same issue to be raised again in the next financial year.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

	THE GROUP	
	HALF YEAR ENDED 30 JUNE 2021	2020
Net profit/ (loss) attributable to shareholders of the Company (RM'000)	369	(628)
(a) Basic earnings/ (loss) per share (RM sen)	0.1	(0.3)
(b) Diluted Loss per share (RM sen)	N.A	N.A
Weighted average number of ordinary shares in issue ('000)	250,605	250,605

### 4. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	The Group		The Company	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Net asset value per ordinary share (RM sen)	(24.5)	(24.4)	(24.9)	(24.4)

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2020: 250,605,231 shares) in issue at the end of the financial year/period.

### 5. 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 Financial Performance

##### Revenue

Revenue increased by approximately RM0.02 million, or approximately 2.5% as compared to 1H2020. The Group's restaurant business was still impacted in 1H2021 where the restaurant's operations were limited to take-away and delivery services in most months of 1H2021 in view of the spike in positive Covid-19 cases in Malaysia which resulted in the Malaysian government imposing various movement control measures and restrictions. Despite the Group's restaurant business being limited to take-away and delivery services for a longer period in 1H 2021 as compared to 1H 2020, the revenue still saw an increase in 1H 2021 due to the aggressive marketing strategy driven by the team.



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## HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021

### Gross profit and gross profit margin

Gross profit increased by approximately RM0.04 million, or approximately 9.5% from approximately RM0.45 million in 1H2020 to approximately RM0.50 million in 1H2021 in line with the increase in revenue and gross profit margin. The increase in gross profit margin from approximately 60.6% in 1H2020 to approximately 64.7% in 1H2021 was mainly due to the driving of better margin products via menu engineering and lower wastages.

### Other credits

Other credits in 1H2021 mainly consist of development fee income in relation to development rights awarded to operate the Italiannies brand of approximately RM1.00 million, reversal of impairment allowance of receivables of RM0.13 million and rental rebate from landlord of RM0.02 million.

### Administrative expenses

Administrative expenses increased by approximately RM0.07 million, or approximately 8.5%, from approximately RM0.87 million in 1H2020 to approximately RM0.94 million in 1H2021 due to the accrual of the Group's restructuring expenses of approximately RM0.2 million. Other administrative expenses have reduced with cost cutting measures undertaken by the Group which includes managing the manpower to cushion the impact of Covid-19 pandemic.

### Finance cost

Finance cost consists of interest expense on lease liabilities in line with the SFRS (I) 16 (Leases) adoption.

### Other expenses

Other expenses consist of depreciation charges.

### Profit after tax from operations

The Group recorded profit after tax in 1H2021 of approximately RM0.37 million compared to loss after tax in 1H2020 of approximately RM0.63 million. This was mainly due to the Italiannies development fee income received in 1H2021 as mentioned above.

## Review of Financial Position

### Non-current assets

The decrease in property and equipment of approximately RM0.17 million from approximately RM2.09 million as at 31 December 2020 to approximately RM1.92 million as at 30 June 2021 was mainly due to depreciation charges during the period.

### Current assets

The increase in total current assets of approximately RM0.57 million was mainly due to the increase in other assets arising from security deposit for a new outlet of RM0.04 million and cash and cash equivalents of RM0.66 million, which arose mainly from the development fee income received.

Other assets relate to (i) deposits placed with the lessors for the leases of the Group's outlet and (ii) prepayments.

### Current liabilities



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Please refer to Note 7 of the condensed interim financial statements.

### Working capital

### Liquidity and Going Concern Assumptions

The financial statements have been prepared on a going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that: (i) the net current liabilities of RM62.9 million of the Group as at 30 June 2021; and (ii) negative equity position of approximately RM61.4 million as at 30 June 2021. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

The Board is of the opinion that the Group is able to continue to operate as a going concern after taking into consideration the following factors:

a) Issuance of redeemable convertible notes.

On 30 November 2019, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund 1 (collectively be known as the "Subscribers") for issuance of 1% equity-linked redeemable convertible notes due in 2022 with an aggregate principal amount of up to S\$50,000,000. On 31 May 2021, the Company and the Subscribers have entered into a supplemental agreement for the last date to satisfy the conditions precedent to be extended to 31 August 2021 or such other date as the Parties may agree in writing. The proceeds will be utilised for the funding of the Group's working capital and future expansions and investments.

b) Proposed scheme of arrangement with creditors ("Proposed SOA").

To address the remaining liabilities of the Company, a Proposed SOA was undertaken by the Company. During a creditors' meeting held on 30 April 2020, the proposed SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Court has on 26 June 2020 granted an order that the Proposed SOA be approved pursuant to sections 210 (3AA) and 210 (3AB) of the Companies Act (Cap. 50) ("**Act**") ("**Scheme Order**"). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

Following a creditors' meeting held on 27 November 2020 and the Court order, the Scheme was amended with an extension of deadline to 30 June 2021 for the completion of the Scheme which includes amongst others, the issuance of the shares to the Scheme Creditors and the trading resumption of the Company's shares ("**Amended SOA**"). The Amended SOA was binding on the Company and its creditors.

In accordance with the Amended SOA, the Company would obtain the approval of the shareholders of the Company and SGX-ST for the listing and quotation of the new shares to be issued by the Company to the Scheme Creditors. The Proposed SOA would address the various debt obligations owed by the Company of approximately SG\$20.3 million to its creditors.

The Amended SOA has lapsed on 30 June 2021 and the Company will seek the necessary extension of time from the Scheme Creditors for the completion of the Amended SOA after obtaining SGX-ST's approval for the waiver and extension of time for the submission of a trading resumption proposal pursuant to Rule 1304(1) of the Catalist Rules. Given that the extension to be granted by SGX-ST is critical to the Amended SOA, the Company is of the opinion that the decision by SGX-ST will be a consideration for the Scheme Creditors' decision





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in agreeing to the extension of time for the completion of the Amended SOA. Thus, the Company will seek for the necessary extension of time from the Scheme Creditors upon the receipt of SGX-ST's approval.

However, in the event that no extension of time for the deadline to complete the Amended SOA is obtained, the Amended SOA shall be deemed terminated and shall cease to be binding on the Scheme Creditors and each Scheme Creditor shall be entitled to exercise any and all of its rights, powers and remedies against the Company. The termination of the Amended SOA will have a material adverse impact on the Group's financial results in terms of earnings per share and net tangible asset value per share for the financial year ending 31 December 2021.

### c) Financial support from a substantial shareholder.

The Company has received the undertaking from a substantial shareholder who would, on a best endeavour basis, provide financial support to the Group as and when required to enable the Group to continue as a going concern for the next 12 months from 1 July 2021.

The completion of the above milestones will also facilitate the resumption proposal to be submitted to the SGX-ST and thereafter provide better value to the stakeholders with the completion of the restructuring exercise.

## **Review of Statement of Cash Flows**

### ***Cash flows generated from operating activities***

Net cash generated from operating activities of approximately RM0.79 million mainly arose from the operating profit before working capital of RM0.55 million and increase in trade and other payables of RM0.31 million as well as decline in trade and other receivables of RM0.14 million, offsetted partially by the increase in other asset and tax payments of approximately RM0.20 million.

### ***Cash flows used in financing activities***

Net cash used in financing activities of approximately RM0.13 million arose from the payment of lease liabilities and payment of interest during the period.

There was no cashflow from / used in investing activities in 1H2021.

Net cash and cash equivalents increased by approximately RM0.66 million during the financial period.

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

Results are in line with the profit guidance announcement made on 10 August 2021.

## **7. 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.**

In 1H2021, the Group's business operations continues to be affected by the Covid-19 pandemic and the Movement Control Order ("MCO") measures which were implemented to curb the spread of the various Covid-19 variants. During the MCO period, revenue stream primarily derived from walk-in and delivery platforms as dine-in business was strictly not allowed.

In the next 12 months, the Covid-19 pandemic will still likely pose a threat to businesses as the fear of health and safety among consumers may still affect the business operations. Nevertheless, with



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the rate of vaccinations being ramped up across the Country to control the infections, the Group is hopeful that the MCO and vaccination efforts would keep the infection under control soon and businesses could eventually return to certain level of normality. The Group has been aggressively encouraging all its staff to register for the vaccination appointments as soon as possible in support of the country's herd immunity drive against the pandemic.

In addition, the Group will continue to monitor the consumer spending behaviour and focus on targeted strategies to drive sales. Other cost control measures such as manpower planning and overhead cost control will continue to be enforced.

With regards to the new outlet, of which work is still in progress but delayed due to the MCO guidelines and restrictions, the Group is currently waiting for the government's directive to ease the restrictions so that work can resume. If restriction is eased by September 2021, the outlet would be expected to open in the fourth quarter of 2021. Moving forward, when MCO restrictions are eased, the Group plans to develop a new kiosk model which is much more efficient and scalable to cater for the current market trend.

The Group is currently undergoing a restructure exercise to restore the financial position of the Group with an aim to submit a resumption proposal to SGX-ST for the trading of the Company's shares to resume since the suspension on 18 June 2018. Further to the extension of time up to 16 June 2020 granted by SGX-ST for the submission of a trading resumption proposal, on 11 September 2020, SGX-ST has further informed the Company that it had no objection to the Company's application for a further 12-month extension up to 15 June 2021 for the submission of a trading resumption proposal subject to certain conditions as announced on 13 September 2020. The Company is currently seeking for a further extension of time from SGX-ST of up to 15 December 2021 to submit a trading resumption proposal as the impact from the Covid-19 pandemic remains uncertain.

Completion of the restructuring exercise would improve the financial position of the Company and provide better value to the shareholders. Details of the various parts of the restructuring exercise which includes *inter-alia* the following have been announced by the Company and are also detailed in paragraph 5 of this announcement.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the aforesaid matters in compliance with the Catalist Rules of the SGX-ST.

### 8. Dividend

#### (a) Current Financial period Reported On

None

#### (b) Corresponding Period of the Immediately Preceding Financial period

None

#### (c) Date payable

Not applicable.

#### (d) Books closure date

Not applicable.

### 9. If no dividend has been declared/ recommended/ paid, a statement to that effect and the reason(s) for the decision.



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## **HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2021**

No dividend has been declared/ recommended/ paid for the half year ended 30 June 2021 as it is important to retain its internally generated fund to sustain its Group operations and for future expansions.

### **10. Interested Person Transactions**

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Group does not have any Interested Person Transactions during the financial period/year.

### **11. Negative confirmation on pursuant to Rule 705(5).**

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the Half Year Ended 30 June 2021 to be false or misleading in any material aspect.

### **12. Confirmation of undertakings pursuant to Rule 720(1)**

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under CR 720(1) of the Catalist Rules.

By order of the Board

Ng Teck Wah  
Non-Executive Chairman

Andrew Roach Reddy  
Managing Director

14 August 2021

*This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange 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. Liau H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271*