

TUNG LOK RESTAURANTS (2000) LTD
Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2019



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PART 1 - INFORMATION REQUIRED FOR HALF-YEAR RESULTS

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.

	Group		Increase/ (decrease) %	
	HY20 Apr 19 - Sep 19 S\$'000	HY19 Apr 18 - Sep 18 S\$'000		
Revenue	38,150	38,202	(0.1)	
Cost of sales	(11,465)	(11,421)	0.4	
Gross profit	26,685	26,781	(0.4)	
<i>Gross profit margin</i>	<i>69.9%</i>	<i>70.1%</i>	<i>(0.2)</i>	<i>percentage points</i>
Other operating income	1,812	2,266	(20.0)	
Administrative expenses	(15,695)	(14,634)	7.3	
Other operating expenses	(14,116)	(14,651)	(3.7)	
Share of (loss)/profit of joint venture	(264)	414	N.M.	
Share of profits of associates	132	149	(11.4)	
Finance costs	(316)	(127)	148.8	
(Loss)/profit before tax	(1,762)	198	N.M.	
Income tax benefit	71	36	97.2	
(Loss)/profit for the period	(1,691)	234	N.M.	
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	10	80	(87.5)	
Strike off of a subsidiary	(254)	-	N.M.	
Total comprehensive income for the period	(1,935)	314	N.M.	
(Loss)/profit attributable to:				
Owners of the company	(1,340)	(1,099)	21.9	
Non-controlling interests	(351)	1,333	N.M.	
	(1,691)	234	N.M.	
Total comprehensive income attributable to:				
Owners of the company	(1,346)	(1,061)	26.9	
Non-controlling interests	(589)	1,375	N.M.	
	(1,935)	314	N.M.	

N.M. : percentage not meaningful.

1(a)(ii) Notes to the Income Statement for the current financial period reported on and the corresponding period of the immediately preceding financial period.

	Group		
	HY20 Apr 19 - Sep 19 S\$'000	HY19 Apr 18 - Sep 18 S\$'000	Increase/ (decrease) %
(Loss)/profit for the period includes the following (charges)/credits:			
Government grants/credits	99	139	(28.8)
Waiver of liabilities by a non-controlling shareholder in a subsidiary	-	1,546	N.M.
Gain arising from strike off of a subsidiary	254	-	N.M.
Gain on disposal of investment in a joint venture	692	-	N.M.
Interest income from:			
- Cash at bank and short-term deposits	31	48	(35.4)
- Related parties	-	10	N.M.
Interest expenses on:			
- Bank loans	(21)	(11)	90.9
- Obligations under finance leases	(15)	(16)	(6.3)
- Shareholders' loans	(17)	(100)	(83.0)
- Lease liabilities (see Note A)	(263)	-	N.M.
Depreciation of property, plant and equipment	(852)	(1,017)	(16.2)
Depreciation of right-of-use assets (see Note A)	(4,460)	-	N.M.
Loss on disposal of property, plant and equipment	-	(2)	N.M.
Loss on foreign exchange	(33)	(95)	(65.3)
Rental expenses - operating leases	(1,427)	(6,230)	(77.1)
Staff costs	(12,936)	(12,767)	1.3
Current tax expenses	-	(25)	N.M.
Deferred tax benefits	81	63	28.6
Underprovision in preceding financial period for			
- Current tax	(10)	(2)	400.0
Withholding tax	(29)	(23)	26.1

Note A

With effect from 1 April 2019, the Group has adopted the new SFRS(I)16 *Leases* based on the modified retrospective approach (refer to paragraph 5 on page 10 for more details).

N.M. : percentage not meaningful.

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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		Note	Company		Note
	30 Sep 19 S\$'000	31 Mar 19 S\$'000		30 Sep 19 S\$'000	31 Mar 19 S\$'000	
ASSETS						
Current assets:						
Cash and bank balances	8,370	12,134	1	1,471	3,327	2
Trade receivables	3,291	2,181	3	-	-	
Other receivables and prepayments	1,796	1,520	4	14	10	
Inventories	1,756	1,871		-	-	
Total current assets	<u>15,213</u>	<u>17,706</u>		<u>1,485</u>	<u>3,337</u>	
Non-current assets:						
Other receivables and prepayments	325	490	5	-	-	
Long-term security deposits	1,543	1,412	6	-	-	
Interests in subsidiaries	-	-		17,257	15,490	7
Associates	1,241	1,493	8	-	-	
Joint venture	-	654	9	-	-	
Deferred tax assets	510	429		-	-	
Right-of-use assets (see Note B)	23,742	-	10	-	-	
Property, plant and equipment	8,983	7,572	11	-	-	
Total non-current assets	<u>36,344</u>	<u>12,050</u>		<u>17,257</u>	<u>15,490</u>	
Total assets	<u>51,557</u>	<u>29,756</u>		<u>18,742</u>	<u>18,827</u>	
LIABILITIES AND EQUITY						
Current liabilities:						
Trade payables	2,759	2,350	12	-	-	
Other payables	6,753	6,961	13	254	256	
Lease liabilities (see Note B)	9,304	-	14a	-	-	14a
Finance leases	130	182	15a	-	-	
Bank loans	160	160	16a	-	-	
Income tax payable	61	124	17	-	-	
Total current liabilities	<u>19,167</u>	<u>9,777</u>		<u>254</u>	<u>256</u>	
Net current (liabilities)/assets	<u>(3,954)</u>	<u>7,929</u>		<u>1,231</u>	<u>3,081</u>	
Non-current liabilities:						
Other payables	3,141	3,152		-	-	
Lease liabilities (see Note B)	14,486	-	14b	-	-	14b
Finance leases	207	257	15b	-	-	
Bank loans	1,512	1,591	16b	-	-	
Total non-current liabilities	<u>19,346</u>	<u>5,000</u>		<u>-</u>	<u>-</u>	
Total liabilities	<u>38,513</u>	<u>14,777</u>		<u>254</u>	<u>256</u>	
Capital, reserves and non-controlling interests:						
Share capital	28,450	28,450		28,450	28,450	
Currency translation reserve	(33)	(27)		-	-	
Accumulated losses	(14,640)	(13,300)		(9,962)	(9,879)	
Equity attributable to owners of the Company	13,777	15,123		18,488	18,571	
Non-controlling interests	(733)	(144)	18	-	-	
Net equity	<u>13,044</u>	<u>14,979</u>		<u>18,488</u>	<u>18,571</u>	
Total liabilities and equity	<u>51,557</u>	<u>29,756</u>		<u>18,742</u>	<u>18,827</u>	

Note B

With effect from 1 April 2019, the Group has adopted the new SFRS(I)16 Leases based on the modified retrospective approach (refer to paragraph 5 on page 10 for more details).

1(b)(i) Statement of Financial Position (continued)**NOTE: EXPLANATION OF THE FIRST HALF FINANCIAL YEAR 2020 (HY20) VS FINANCIAL YEAR 2019 (FY19)**

- 1) Decrease in cash and bank balances at Group level was mainly due to the following:
 - (a) S\$4.5 million repayment of lease obligations as a result of the adoption of SFRS(I)16 *Leases*;
 - (b) S\$2.2 million cash outlay to acquire plant and equipment;
 - (c) S\$0.2 million repayment of bank borrowings and finance leases; and
 - (d) S\$0.1 million advance to an associate.

The decrease was partially offset by S\$1.7 million operational cash inflow, S\$1.1 million proceeds on disposal of investment in a joint venture and S\$0.4 million dividend received from associates.
- 2) Decrease in cash and bank balances at Company level was mainly due to advances to a wholly-owned subsidiary amounting to S\$1.8 million as additional working capital.
- 3) Increase in trade receivables at Group level was mainly due to more credit sales from catering events and mooncake sales during the month of September 2019.
- 4) Increase in other receivables and prepayments (current) at Group level was mainly due to: i) increase in deposits for catering events amounting to S\$0.1 million; ii) increase in government grant receivable amounting to S\$0.1 million; and iii) advance to an associate amounting to S\$0.1 million.
- 5) Decrease in other receivables and prepayments (non-current) at Group level was mainly due to decrease in prepaid lease renewal related payments amounting to S\$0.1 million.
- 6) Increase in long-term security deposits at Group level was mainly due to rental and utilities deposits placed for new leases.
- 7) Increase in interests in subsidiaries at Company level was mainly due to advances of S\$1.8 million extended to a wholly-owned subsidiary.
- 8) Decrease in associates at Group level was mainly due to share of profit of associates amounting to S\$0.1 million, offset by the dividend received from associates amounting to S\$0.4 million in HY20.
- 9) Decrease in joint venture at Group level was mainly due to disposal of the joint venture in HY20.
- 10) Right-of-use assets at the Group level was mainly due to recognition of right-of-use assets as a result of the adoption of SFRS(I)16 *Leases* during HY20.
- 11) Increase in property, plant and equipment at Group level was mainly due to acquisition of plant and equipment for existing and new outlets amounting to S\$2.3 million but partially offset against depreciation charge of S\$0.9 million during HY20.
- 12) Increase in trade payables at Group level was mainly due to more purchases of food materials arising from more outlets in HY20.
- 13) Decrease in other payables (current) at Group level was mainly due to decrease in deferred revenue of S\$0.2 million in HY20.
- 14(a)&(b) Lease liabilities at the Group level was mainly due to recognition of lease obligations as result of the adoption of SFRS(I)16 *Leases* during HY20.
- 15(a)&(b) Decrease in finance leases at Group level was mainly due to repayment of S\$102,000 during HY20.
- 16(a)&(b) Decrease in bank borrowings at Group level was due to loan repayments of S\$79,000 during HY20.
 - 17) Decrease in income tax payable at Group level was mainly due to tax payments incurred of S\$73,000, partially offset by income tax expenses of S\$10,000 during HY20.
 - 18) Decrease in non-controlling interests at Group level was mainly due to share of losses associated with non wholly-owned subsidiaries of S\$0.4 million and reversal of reserve arising from the strike off of a China subsidiary amounting to S\$0.2 million.

Total assets of the Group increased by S\$21.8 million (73.2%) to S\$51.6 million as at 30 September 2019 from S\$29.8 million as at 31 March 2019 mainly due to the following:

- (i) increase in right-of-use assets of S\$23.7 million following the adoption of SFRS(I)16 *Leases*;
- (ii) increase in plant and equipment of S\$1.4 million;
- (iii) increase in trade and other receivables of S\$1.3 million; and
- (iv) increase in long-term security deposit of S\$0.1 million.

However, this was partially offset by the following:

- (i) decrease in cash and bank balances of S\$3.8 million;
- (ii) decrease in inventories of S\$0.1 million; and
- (iii) decrease in net assets of joint venture and associates of S\$0.9 million.

Total liabilities of the Group increased by S\$23.7 million (160.1%) to S\$38.5 million as at 30 September 2019 from S\$14.8 million as at 31 March 2019 mainly due to the following:

- (i) increase in lease liabilities of S\$23.8 million following the adoption of SFRS(I)16 *Leases*; and
- (ii) increase in trade and other payables of S\$0.2 million.

However, this was partially offset by the reduction in bank borrowings and finance lease of S\$0.2 million and decrease in income tax payable of S\$0.1 million.

The Group has net current liabilities of S\$4.0 million as at 30 September 2019 compared to net current assets of S\$7.9 million as at 31 March 2019 resulting from the adoption of SFRS(I) 16 *Leases* during HY20. Excluding the current lease liabilities of S\$9.3 million due to the adoption of SFRS(I)16 *Leases*, the Group had net current assets of S\$5.3 million as at 30 September 2019. The Directors and the Management are satisfied that, barring unforeseen circumstances, with the availability of future cashflows from the Group's operations and unutilised credit lines given by the bank, the Group will be able to meet its short-term obligations for the next 12 months as and when they fall due.

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1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

As at 30 Sep 2019 (S\$'000)		As at 31 Mar 2019 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
290	-	342	-

Amount repayable after one year

As at 30 Sep 2019 (S\$'000)		As at 31 Mar 2019 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,719	-	1,848	-

Details of any collateral

As at balance sheet date, the total borrowings of the Group are secured by way of:

1. A charge over the leasehold property of a subsidiary situated at No 20, Bukit Batok Crescent #11-05 to 09/18 Enterprise Centre Singapore 658080;
2. Plant and equipment under finance leases; and
3. Corporate guarantees issued by the Company.

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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.

	Apr 19 - Sep 19 S\$'000	Apr 18 - Sep 18 S\$'000
Operating activities:		
(Loss)/profit before tax	(1,762)	198
Adjustments for:		
Share of loss/(profit) of joint venture	264	(414)
Share of profits of associates	(132)	(149)
Depreciation of property, plant and equipment	852	1,017
Depreciation of right-of-use assets (see Note C)	4,460	-
Loss on disposal of property, plant and equipment	-	2
Interest income	(31)	(58)
Interest expense	316	127
Foreign exchange loss	33	95
Waiver of liabilities by a non-controlling shareholder in a subsidiary	-	(1,546)
Gain arising from strike off of a subsidiary	(254)	-
Gain on disposal of investment in a joint venture	(692)	-
Reversal of provision for reinstatement costs	(80)	-
Operating cash flows before movements in working capital	<u>2,974</u>	<u>(728)</u>
Changes in working capital:		
Increase in trade receivables	(1,109)	(940)
Increase in other receivables and prepayments	(292)	(375)
Decrease in inventories	115	5
(Increase)/decrease in long-term security deposits	(132)	298
Increase/(decrease) in trade payables	409	(376)
Decrease in other payables	(180)	(1,320)
Cash flows from/(used in) operations	<u>1,785</u>	<u>(3,436)</u>
Interest paid	(36)	(26)
Interest received	38	52
Net income tax paid	(73)	(25)
Net cash flows from/(used in) operating activities	<u>1,714</u>	<u>(3,435)</u>
Investing activities		
Purchase of property, plant and equipment (see Note D)	(2,228)	(1,000)
Advance payment for capital expenditures	-	(53)
Proceeds from disposal of investment in a joint venture	1,150	-
Dividends received from associates	375	-
Advances to an associate	(98)	-
Net cash flows used in investing activities	<u>(801)</u>	<u>(1,053)</u>

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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).

	Apr 19 - Sep 19 S\$'000	Apr 18 - Sep 18 S\$'000
Financing activities		
Advances from non-controlling interests in subsidiaries	-	180
Repayment of loan due from an associate	11	-
Repayment of obligations under lease liabilities (see Note C)	(4,539)	-
Repayment of bank loans	(79)	(343)
Repayment of obligations under finance leases	(102)	(115)
Net cash flows used in financing activities	<u>(4,709)</u>	<u>(278)</u>
Net decrease in cash and bank balances	(3,796)	(4,766)
Cash and bank balances at the beginning of the financial period	12,134	15,467
Effect of foreign exchange rate changes	32	(48)
Cash and bank balances at the end of the financial period	<u>8,370</u>	<u>10,653</u>

Note C

With effect from 1 April 2019, the Group has adopted the new SFRS(I)16 *Leases* based on the modified retrospective approach (refer to paragraph 5 on page 10 for more details).

Note D

During HY20, the Group recorded additions to property, plant and equipment with an aggregate cost of S\$2,264,000 (HY19: S\$1,353,000) of which S\$85,000 (HY19: S\$Nil) relates to provision for reinstatement costs of premises, S\$Nil (HY19: S\$167,000) was acquired under finance lease arrangements, S\$Nil (HY19: S\$203,000) remains unpaid as at 30 September 2019 and advance payment of S\$Nil (HY19: S\$53,000) was made for capital expenditures. Cash payments of S\$2,228,000 (HY19: S\$1,000,000) were made to the purchase of property, plant and equipment.

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 S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company, total S\$'000	Non-controlling interests S\$'000	Total S\$'000
At 1 April 2018	28,450	(52)	(12,606)	15,792	(1,936)	13,856
Loss for the period	-	-	(1,099)	(1,099)	1,333	234
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	38	-	38	42	80
	-	38	-	38	42	80
Total comprehensive income for the period, net of tax	-	38	(1,099)	(1,061)	1,375	314
At 30 September 2018	28,450	(14)	(13,705)	14,731	(561)	14,170
At 1 April 2019	28,450	(27)	(13,300)	15,123	(144)	14,979
Loss for the period	-	-	(1,340)	(1,340)	(351)	(1,691)
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	10	-	10	-	10
Strike off of a subsidiary	-	(16)	-	(16)	(238)	(254)
	-	(6)	-	(6)	(238)	(244)
Total comprehensive income for the period, net of tax	-	(6)	(1,340)	(1,346)	(589)	(1,935)
At 30 September 2019	28,450	(33)	(14,640)	13,777	(733)	13,044

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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).

	Share capital S\$'000	COMPANY Accumulated losses S\$'000	Total S\$'000
At 1 April 2018	28,450	(9,912)	18,538
Loss for the period, representing total comprehensive income for the period	-	(52)	(52)
At 30 September 2018	<u>28,450</u>	<u>(9,964)</u>	<u>18,486</u>
At 1 April 2019	28,450	(9,879)	18,571
Loss for the period, representing total comprehensive income for the period	-	(83)	(83)
At 30 September 2019	<u>28,450</u>	<u>(9,962)</u>	<u>18,488</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 issue, 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.

On 25 August 2014, the Company issued 78,400,000 new ordinary shares in the issued and paid-up share capital of the Company pursuant to a renounceable and non-underwritten rights issue of up to 78,400,000 new ordinary shares ("**Rights Shares**") in the issued share capital of the Company ("**Rights Issue**") at an issue price of S\$0.12 for each Rights Share on the basis of two (2) Rights Shares for every five (5) existing shares then held by shareholders based on the terms and conditions of the Offer Information Statement dated 29 July 2014 issued by the Company. Net proceeds of S\$9.3 million were raised from the Rights Issue.

The Company refers to the announcements dated 1 October 2014, 25 August 2015 and 16 September 2019, the net proceeds raised from the Rights Issue has been utilised by way of grant of loans amounting to S\$7.85 million to a wholly owned subsidiary to provide additional working capital to repay its trade owings and monthly bank indebtedness as well as to finance the set-up and renovation of outlets in Singapore. The unutilised net proceeds from Rights Issue approximates S\$1.45 million as at 30 September 2019.

There have been no changes in the Company's issued share capital since the end of the previous financial period reported on being 31 March 2019.

There are no outstanding convertibles, treasury shares and subsidiary holdings as at the end of the financial period ended 30 September 2019 and 30 September 2018.

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

	30 Sep 19	31 Mar 19
Total number of issued shares excluding treasury shares	<u>274,400,000</u>	<u>274,400,000</u>

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

The Company does not have any treasury shares.

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.

The Company does not have any subsidiary holdings.

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.

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

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 under paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements.

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 has adopted the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 March 2019, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for financial years beginning on or after 1 April 2019.

The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period except for the adoption of SFRS(I)16 *Leases*. SFRS(I)16 *Leases* introduces a single, on balance sheet lease accounting model which eliminates the current distinction between operating and finance leases for lessees. It requires lessees to capitalise all leases on the statement of financial position by recognising a 'right of use' asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low value assets.

The Group has adopted SFRS(I)16 *Leases* with effect from the financial year beginning 1 April 2019. The Group has not restated comparatives for the HY19 reporting period as permitted under the specific transition provisions in SFRS(I)16 (modified retrospective approach). The Group capitalised its operating leases on outlet premises and other lease equipment on the statement of financial position by recognising 'right-of-use' assets and their corresponding lease liabilities for the present value of future lease payments of S\$28.2 million. Subsequently, the 'right-of-use' assets will be depreciated over the lease term on a straight-line basis and the lease liabilities will be measured at amortised cost. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to income statement 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 adoption of SFRS(I)16 *Leases* has resulted in increases in total assets, total liabilities and earnings before interest, taxes, depreciation and amortisation (EBITDA) and decreases in the Group's net profit and net current assets position.

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:-

	HY20 Apr 19 - Sep 19	HY19 Apr 18 - Sep 18
Losses per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue	(0.49) cents	(0.40) cents
(b) On a fully diluted basis	(0.49) cents	(0.40) cents
Weighted average number of ordinary shares	274,400,000	274,400,000

7. 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.

	Group		Company	
	30 Sep 19	31 Mar 19	30 Sep 19	31 Mar 19
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	5.02 cents	5.51 cents	6.74 cents	6.77 cents

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.

Revenue

Revenue for the six-month period ended 30 September 2019 ("HY20") was consistent compared to the six-month period ended 30 September 2018 ("HY19"). Revenue during HY20 was attributable to:

(a) higher revenue contribution from catering business amounting to S\$0.3 million; and

(b) contributions from 4 new outlets opened in HY20 and second half of financial year ended 31 March 2019 amounting to S\$1.6 million.

This was partially offset by the loss of revenue from 2 outlets that were closed during HY19 amounting to S\$1.4 million and lower revenue contribution from existing outlets amounting to S\$0.5 million.

Gross profit margin

Gross profit decreased by S\$0.1 million (0.4%) to S\$26.7 million in HY20 from S\$26.8 million in HY19 mainly due to higher raw material costs. Consequently, gross profit margin decreased marginally by 0.2 percentage points to 69.9% in HY20 from 70.1% in HY19.

Other operating income

Other operating income decreased by S\$0.5 million (20.0%) to S\$1.8 million in HY20 from S\$2.3 million in HY19 mainly due to the absence of the waiver of S\$1.5 million liabilities by a non-controlling interest in a subsidiary which had ceased operation in HY19.

This was partially offset by the following:

(a) gain on disposal of the investment in a joint venture amounting to S\$0.7 million; and

(b) gain on disposal arising from the striking off of a China subsidiary amounting to S\$0.3 million.

Administrative expenses

Administrative expenses, mainly manpower-related expenses, increased by S\$1.1 million (7.3%) to S\$15.7 million in HY20 from S\$14.6 million in HY19 mainly due to increase in employee headcounts arising from the opening of new outlets.

Other operating expenses

Other operating expenses decreased by S\$0.6 million (3.7%) to S\$14.1 million in HY20 from S\$14.7 million in HY19, mainly due to the following:

(a) S\$0.2 million lower depreciation expenses of property, plant and equipment;

(b) S\$0.1 million lower mooncake-related expenses; and

(c) S\$0.3 million lower rental expenses following the adoption of SFRS(I)16 Leases which were accounted as imputed interest expense on lease liabilities.

Finance costs

Finance costs increased by S\$0.2 million (148.8%) to S\$0.3 million in HY20 from S\$0.1 million in HY19 mainly due to the recognition of S\$0.3 million imputed interest on operating leases following the adoption of SFRS(I)16 Leases.

Share of (loss)/profit of joint venture

This represents the Group's share of loss of the joint venture up till the date of completion of its disposal (2 August 2019).

Share of profit of associates

Share of profit of associates decreased by S\$17,000 (11.4%) to S\$132,000 in HY20 from S\$149,000 in HY19.

Income tax benefit

Income tax benefit increased by S\$35,000 (97.2%) to S\$71,000 in HY20 from S\$36,000 in HY19 mainly due to higher taxable losses in HY20.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (continued).

(Loss)/profit for the period/Loss attributable to owners of the Company

The Group reported a loss of S\$1.7 million in HY20 as compared to a profit of S\$0.2 million in HY19 which resulted from the waiver of S\$1.5 million liabilities by a non-controlling shareholder in a subsidiary recorded in HY19.

The Group reported a loss attributable to Owners of the Company of S\$1.3 million in HY20, an increase of S\$0.2 million from S\$1.1 million in HY19 due to higher manpower-related costs but partially offset by lower other operating expenses in HY20.

Cashflow

The Group's **operational cashflow** recorded a net inflow of S\$1.7 million in HY20 compared to a net outflow of S\$3.4 million in HY19. This was mainly due to the non-cash adjustment for depreciation of right-of-use assets of S\$4.5 million arising from the adoption of SFRS(I)16 *Leases*.

The Group's **investing cashflow** recorded an outflow of S\$0.8 million in HY20 compared to S\$1.1 million in HY19. This was mainly due to more payment for acquisitions of plant and equipment arising from the renovation of new outlets but partially offset by proceeds from the disposal of investment in a joint venture and dividend received from associates.

The Group's **financing cashflow** recorded an outflow of S\$4.7 million in HY20 mainly due to repayment of bank loans and finance leases of S\$0.2 million and repayment of S\$4.5 million lease obligations as a result of the adoption of SFRS(I)16 *Leases* in HY20. In HY19, the Group recorded an outflow of S\$0.3 million mainly due to repayments of bank loans and finance leases of S\$0.5 million offset by new advances from non-controlling interest of a subsidiary of S\$0.2 million.

Overall, the Group's cash position decreased by S\$3.8 million during HY20 to S\$8.4 million. This was mainly due to payment for acquisition of plant and equipment, repayment of lease obligations, bank loans and finance leases offset by higher operational cash generated, proceeds on the disposal of investment in a joint venture and dividends received from associates.

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

No forecast or prospect statement was disclosed previously.

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.

Apart from the ongoing reduction in foreign worker quota in the services sector over the next two years which will likely impact the food and beverage industry, the overall Singapore economy is also currently experiencing a slowdown. Against this backdrop, the Group remains cautious of the business outlook in the light of intense competition and high operating costs faced by the food and beverage industry in Singapore.

Going forward, the Group will continue to pursue operational efficiencies to offset rising labour and material costs, and leverage on the growth of its stronger brands to improve revenue.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended):

Nil

(b)(i) Amount per share:

Nil

(b)(ii) Previous corresponding period:

Nil

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) 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.

Not applicable.

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

There is no dividend declared or recommended for HY20 as the Group has not generated profit attributable to Owners of the Company for HY20.

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Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2019



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

Name of Interested Persons and Transactions	Aggregate value of all interested persons transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	HY20	HY19	HY20	HY19
	Apr 19 - Sep 19	Apr 18 - Sep 18	Apr 19 - Sep 19	Apr 18 - Sep 18
	S\$'000	S\$'000	S\$'000	S\$'000
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Tee Yih Jia Food Manufacturing Pte Ltd	-	-	535	954
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Chinatown Food Corporation Pte Ltd	-	-	1	4
T & T Gourmet Cuisine Pte Ltd - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	-	-	4	6
Tung Lok Group - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	-	-	50	49
Tung Lok Group - Purchase of food items from Chinatown Food Corporation Pte Ltd	-	-	29	27
Tung Lok Group - Purchase of food items from T & T Gourmet Cuisine Pte Ltd	-	-	68	49
Tung Lok Group - Purchase of mooncakes from T & T Gourmet Cuisine Pte Ltd	-	-	314	404
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase of mooncakes from Tung Lok Group	-	-	16	18
Tung Lok Group - Sale of catering food and services to hotels related to a substantial shareholder	183	53	-	-

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

The Company confirms that the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) pursuant to Catalist Rule 720(1) have been procured.

BY ORDER OF THE BOARD

Tjioe Ka Men
 President/Chief Executive Officer
 13 November 2019

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**TUNG LOK RESTAURANTS (2000) LTD
CATALIST RULE 705(5) – NEGATIVE ASSURANCE CONFIRMATION**

Confirmation by the Board of Directors

Pursuant to Catalist Rule 705(5), we, Tjioe Ka Men and Dr Tan Eng Liang, being two Directors of Tung Lok Restaurants (2000) Ltd (the "**Company**"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited interim financial statements for the period from 1 April 2019 to 30 September 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Tjioe Ka Men
President/Chief Executive Officer

Dr Tan Eng Liang
Lead Independent Director

Singapore, 13 November 2019