ST Group Food Industries Holdings Limited
Company Registration No.: 201801590R

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STGROUP

DISPOSAL OF INDIRECT SUBSIDIARIES

1. INTRODUCTION

The board of directors ("**Directors**" or "**Board**") of ST Group Food Industries Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company had, on 16 June 2025, through its indirect subsidiary, GCTea Ltd, fully disposed of its interest in GCTea Outlets Ltd, GCTea Outlets 2 Ltd and GCTea DKJV Ltd (collectively, the "**Targets**") for a nominal consideration to Lam Kei Kwan, (the "**Purchaser**") (the "**Disposal**").

The Purchaser resigned as an employee of the Company on 31 March 2025 and was appointed as a director of the Targets on 7 March 2025 so as to facilitate post-completion procedures after the Disposal, such as setting up the bank account of the Targets. The Purchaser does not receive any form of remuneration, compensation or fees in his capacity as a director of the Targets.

Save for the above, the Purchase has no affiliation with the Group, the company's Directors, controlling shareholders, or substantial shareholders nor their respective associates.

2. INFORMATION ON THE TARGETS

2.1. The Targets are currently operating food and beverage outlets under the Gong Cha brand in the United Kingdom. The Targets have been loss-making since inception and as at 31 December 2024, are in a net liabilities position.

2.2. The interest of the Company in the Targets are held through GCTea Ltd, a wholly-owned subsidiary of GC (England) Pte. Ltd. The Company holds a total interest of 84% in GC (England) Pte. Ltd., comprising a 60% direct ownership stake and an additional 24% indirect ownership through its 100% owned subsidiary, STG (Beverage) NZ Pty Ltd. The interest of the Group in the Targets is as follows:

Targets	Shares held in Target through GCTea Ltd prior to Disposal	Shares to be sold to Purchaser
GCTea Outlets Ltd	100 ordinary shares (100%)	100 ordinary shares
GCTea Outlets 2 Ltd	100 ordinary shares (100%)	100 ordinary shares
GCTea DKJV Ltd	1 ordinary share (100%)	1 ordinary share

Subsequent to the Disposal, the effective shareholding interest of the Group in the Targets will be nil and the Targets, together with their subsidiaries, will cease to be subsidiaries of the Company. As at the date of this announcement, GCTea DKJV Ltd holds 50% of GCP BRM Ltd. Please refer to the Appendix to this announcement for the illustrated Group structure.

3. THE DISPOSAL

The consideration payable for the Targets is nominal. The consideration for the Disposal was agreed upon on a willing-buyer willing-seller basis, taking into account that the business had been loss-making since inception, the rationale as set out in paragraph 4 and that full impairment of the Targets has been recognised in the Group's audited financial statements for the financial year ended 30 June 2022 where an impairment assessment had been performed by management on the Group's investment in subsidiaries as the cost of investment exceeded the Company's share of the respective net assets of the subsidiaries as at 30 June 2022. Based on the unaudited net liabilities of the Targets of A$1,339,233 as at 31 December 2024, the Disposal is expected to result in a loss on disposal of approximately A$442,298. The net tangible liabilities of the Targets as at 31 December 2024 is A$1,343,941. The loss on disposal is primarily attributed to the deconsolidation effect of the Targets from the Group.

There are no material conditions attaching to the Disposal including a put, call or other option.

No person will be appointed to the Board, and no service contract will be entered into by the Company in connection with the Disposal.

4. RATIONALE FOR THE DISPOSAL

Due to the challenging economic situation in the United Kingdom (UK), the Group intends to streamline its efforts during this interim period, re-focusing from undertaking operations under the "Gong Cha" brand in the UK to generating revenue from (1) royalties via the franchise rights to operate the "Gong Cha" brand in the UK and (2) the sale of materials and supplies for the operation of "Gong Cha" stores in the UK via the master franchise agreement. As part of the re-focusing effort to transition from operations to royalties and supply chain sales, the Group is also in the midst of undertaking plans to liquidate GCTea Outlets 2A Ltd and GCTea Outlets 2B Ltd after the selling of assets held by these companies. The Group also intends to terminate the franchising arrangement by July 2025. Once the Group terminates the franchising arrangement and exits from the "Gong Cha" brand in UK, it would no longer be involved in royalties and sale of materials. Subsequent to the Proposed Disposal, termination of master franchising agreement and liquidation of GCTea Outlets 2A Ltd and GCTea Outlets 2B ltd., the Group will no longer have any operations in the UK. Further information on the illustrated Group structure is set out in the Appendix to this announcement.

The Board is of the view that the Disposal is in the best interests of the Group and its shareholders as it represents an opportunity for the Group to dispose of loss-making subsidiaries which have been reducing the Group's profit to improve the Group's future financial position, operational performance and to maximise shareholders' value. Due to the abovementioned factors and the challenging economic situation in the United Kingdom, the Board is of the opinion that there are no compelling commercial reasons to continue funding the Targets, and that additional funding to the Targets is not likely to significantly improve the Group's business prospects in the United Kingdom.

5. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

5.1. Based on the latest announced unaudited consolidated financial statements of the Group for the half-year ended 31 December 2024, the relative figures for the Disposal computed on the relevant bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule	Bases	Relative Figure
(a)	Net value of the assets to be disposed of compared with the Group's net asset value	(6.06)% (1)
(b)	Net profits attributable to the assets disposed of, compared with the Group's net profits	(12.46)% (2)
(c)	The aggregate value of the consideration received from such disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	Not meaningful (3)
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	N.A.

(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	N.A.

Notes:

(1) The unaudited net liabilities of the Targets to be disposed of is A$1,339,233 based on an exchange rate of A$1:GBP0.4956 as at 31st December 2024. The unaudited net asset value of the Group is A$22,089,768.

(2) The unaudited net loss attributable to the Targets disposed of is A$177,020 based on an exchange rate of A$1:GBP0.4956 as at 31st December 2024. The Group's unaudited net profits is A$1,420,687.

(3) As the consideration to be paid for the Targets is nominal, the aggregate value of the consideration received compared with the Company's market capitalisation would not be meaningful.

5.2. As the relative figures computed under Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") relating to the Disposal involves a negative figure and the Disposal does not fall within the relevant situations provided for in paragraphs 4.4(c) and 4.4(e) of Practice Note 10A of the Catalist Rules, pursuant to paragraph 4.6 of Practice Note 10A of the Catalist Rules, the Disposal is a "major transaction" under Rule 1014 of the Catalist Rules and is accordingly subject to the approval of the shareholders, unless the requirement for such shareholders' approval is waived by the SGX-ST.

6. WAIVER APPLICATION

6.1. The Company has applied to the SGX-ST for a waiver of Rule 1014(2) of the Catalist Rules in relation to the requirement to hold a general meeting to seek shareholders' approval for the Disposal (the "**Waiver**") for the following reasons:

(a) The Targets are indirect subsidiaries and only constitute 4.53% of the assets of the Group as at 31 December 2024 and are not core to the principal business activity of the Group. As at 31 December 2024, the Targets are in a net liabilities position and have been loss-making since inception.

(b) Due to the challenging economic situation in the United Kingdom (UK), the Group intends to streamline its efforts during this interim period, re-focusing from undertaking operations under the "Gong Cha" brand in the UK to generating revenue from (1) royalties via the franchise rights to operate the "Gong Cha" brand in the UK and (2) the sale of materials and supplies for the operation of "Gong Cha" stores in the UK via the master franchise agreement. As part of the re-focusing effort to transition from operations to royalties and supply chain sales, the Group is also in the midst of undertaking plans to liquidate GCTea Outlets 2A Ltd and GCTea Outlets 2B Ltd after the selling of assets held by these companies. The Group **also** intends to terminate the franchising arrangement by July 2025. Once the Group terminates the franchising arrangement and exits from the "Gong Cha" brand in UK, it would no longer be involved in royalties and sale of materials. Subsequent to the Proposed Disposal, termination of master franchising agreement and liquidation of GCTea Outlets 2A Ltd and GCTea Outlets 2B Ltd., the Group will no longer have any operations in the UK. Further information on the illustrated Group structure is set out in the Appendix. The Board is of the view that the Disposal is in the best interests of the Group and its shareholders as it represents an opportunity for the Group to dispose of loss-making subsidiaries which have been reducing the Group's profit to improve the Group's future financial position, operational performance and to maximise shareholders' value.

(c) The Board is of the view that there will be no material adverse change in the risk profile of the Group arising from the Proposed Disposal. None of the relative figures computed on the absolute bases set out in Rule 1006 of the Catalist Rules have exceeded 50%.

(d) Due to the abovementioned factors, the Board is of the opinion that there are no compelling commercial reasons to continue funding the Targets due to their loss-making nature, net liabilities position and the challenging economic situation in the United Kingdom. The Board does not foresee that providing additional funding to the Targets would significantly improve the Group's business prospects in the United Kingdom.

(e) The controlling shareholders of the Company, collectively holding approximately 25.63% of the total issued and paid-up share capital of the Company, have indicated that they are prepared to issue an irrevocable undertaking to the Company, to vote in favour of the Disposal. The Company has since secured irrevocable undertaking(s) from shareholder(s) who collectively hold more than 50% of the total issued shares of the Company that they would vote in favour of the Disposal at a general meeting of the Company on a ratification basis.

6.2. The SGX-ST has stated that it has no objections to the Waiver subject to the following:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Catalist Listing Rule 106 and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met;

(b) submission of a written confirmation from the Board that the Disposal is in the best interest of the Group and the shareholders of the Company;

(c) submission of a written confirmation from the Board that there has not been or will be no material change in the risk profile of the Company arising from the Disposal, including the bases for its opinion;

(d) submission of irrevocable undertaking(s) from shareholder(s) who collectively hold more than 50% of the total issued shares of the Company that they would vote in favour of the Disposal at a general meeting of the Company; and

(e) the Company seeking shareholders' ratification of the Disposal at its next annual general meeting.

6.3. The Company will be submitting the written confirmations as set out in paragraph 6.2(b) and (c) above, as well as the irrevocable undertakings as set out in paragraph 6.2(d). The Company will also be seeking shareholders' ratification of the Disposal at its next annual general meeting. Shareholders should note that the Waiver will not be effective if any of the conditions have not been fulfilled. The Company is also required to make an immediate disclosure if it is or will be in contravention of any laws and regulations governing the Company and the constitution of the Company arising from the Waiver.

6.4. For the avoidance of doubt, in light of the receipt of no-objection from the SGX-ST, the Disposal will not be subject to shareholders' approval.

7. FINANCIAL EFFECTS

7.1. <u>Assumptions</u>

The pro forma financial effects of the Disposal on the Group are set forth below and have been computed based on the audited financial statements of the Group for its financial year ended 30 June 2024 ("**FY2024**").

The financial effects of the Disposal are based on the following bases and assumptions:

(a) The expenses in connection with the Disposal have been disregarded;

(b) The financial effect on the net tangible asset per share is computed based on the assumption that the Disposal was completed on 30 June 2024; and

(c) The financial effect on the earnings per share is computed based on the assumption that the Disposal was effected on 1 July 2023,

and based on an exchange rate of A$1:GBP0.4956 as at 31 December 2024.

7.2. Net Tangible Assets ("**NTA**")

Details on the NTA per Share of the Group before and after the Disposal are as follows:

	Before the Disposal	**After the Disposal**
NTA of the Group as at 30 June 2024 (A$)	A$19,645,826	A$19,203,528
Total number of issued and paid-up Shares (excluding treasury shares) (1)	254,469,041	254,469,041
NTA per Share of the Group (A$ cents)	7.7	7.5

Note:

(1) As of 30 June 2024, the Company has 913,600 treasury shares.

7.3. Earnings per Share ("**EPS**")

The effect of the Disposal on the EPS of the Group for FY2024, assuming that the Disposal had been effected on 1 July 2023 is as follows:

	Before the Disposal	**After the Disposal**
Net profit attributable to equity holders of the Company (A$)	A$858,979	A$416,681
Weighted average number of Shares	247,903,064	247,903,064
EPS (cents per share)	A$0.35	A$0.17

7.4. The pro forma financial effects of the Disposal are presented solely for illustrative purposes only and are not intended to be indicative or reflective of the actual financial position of the Group after the Disposal.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Disposal.

9. DOCUMENTS FOR INSPECTION

Copies of the stock transfer forms in respect of the Disposal is available for inspection by shareholders during normal business hours at the registered address of the Company at 16 Raffles Quay #17-03 Hong Leong Building Singapore 048581 for the period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

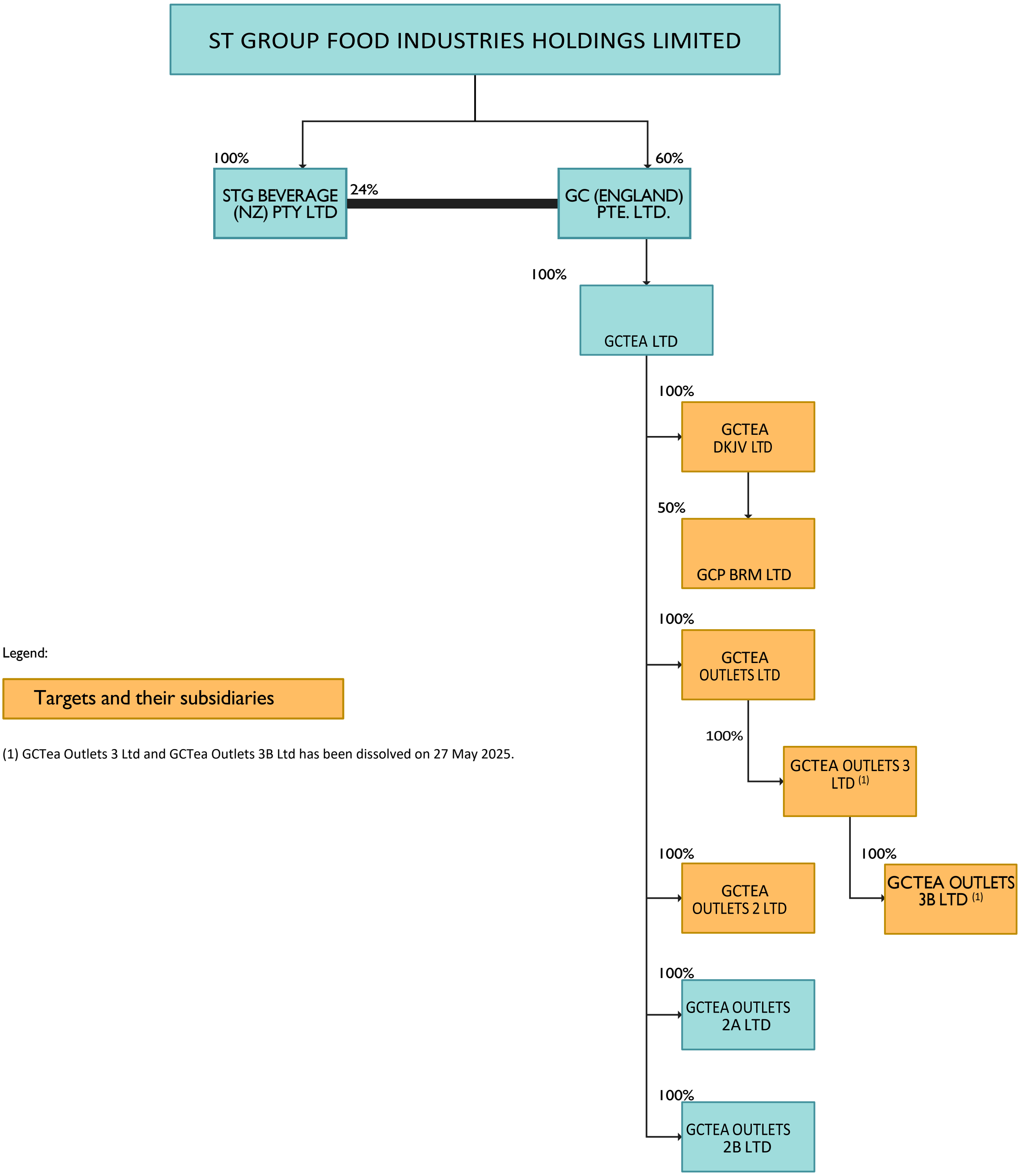
Saw Tatt Ghee
Executive Chairman and CEO

16 June 2025

This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by 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 Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.

Appendix: Group structure for the purposes of illustrating the relationship amongst the Company, Targets and the Targets' subsidiaries



(1) GCTea Outlets 3 Ltd and GCTea Outlets 3B Ltd has been dissolved on 27 May 2025.