

Unaudited Financial Statements and Dividend Announcement
For the financial year ended 31 December 2018

Background

Koufu Group Limited (the “Company”) was incorporated in Singapore on 15 November 2017 under the Companies Act as a private company limited by shares under the name of “Koufu Group Pte Ltd”. The Company was converted into a public limited company and renamed “Koufu Group Limited” on 19 June 2018.

On 18 July 2018, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The group comprising the Company and its subsidiaries (the “Group”) was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken as part of a corporate reorganisation implemented for the purposes of the Company’s listing on SGX-ST. Please refer to the Company’s prospectus dated 11 July 2018 for further details on the Restructuring Exercise.

For the purpose of this announcement, the results of the Group for the financial year ended 31 December 2018 and the comparative results of the Group for the financial year ended 31 December 2017 have been prepared on the assumption that the Group’s structure following the completion of the Restructuring Exercise has been in place since the beginning of the earliest period presented.

The directors of the Company are pleased to make the following announcement of the unaudited results for the fourth quarter (“4Q”) and year ended 31 December 2018 (“12M”).

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Statement of Profit or Loss

	Group		Increase/ (decrease)	Group		Increase/ (decrease)
	4Q 2018	4Q 2017	(decrease)	12M 2018	12M 2017	(decrease)
	S\$'000	S\$'000	+/(-) %	S\$'000	S\$'000	+/(-) %
Revenue	57,048	54,164	5.3%	223,840	216,679	3.3%
Other income	1,414	631	124.1%	5,331	4,051	31.6%
Cost of inventories consumed	(8,575)	(8,718)	(1.6)%	(35,063)	(35,414)	(1.0)%
Staff costs	(8,586)	(8,344)	2.9%	(36,894)	(37,192)	(0.8)%
Depreciation of investment properties, property, plant and equipment	(2,822)	(2,158)	30.8%	(11,851)	(8,970)	32.1%
Property rentals and related expenses	(26,381)	(24,268)	8.7%	(105,073)	(95,855)	9.6%
Distribution and selling expenses	(305)	(163)	87.1%	(2,020)	(1,836)	10.0%
Administrative expenses	(1,593)	(1,487)	7.1%	(6,278)	(5,109)	22.9%
Other operating expenses	(1,204)	(1,344)	(10.4)%	(2,946)	(5,652)	(47.9)%
Results from operating activities	8,996	8,313	8.2%	29,046	30,702	(5.4)%
Finance income	369	371	(0.5)%	543	1,470	(63.1)%
Finance costs	(228)	(47)	385.1%	(399)	(351)	13.7%
Net finance (costs)/income	141	324	N.M	144	1,119	N.M
Share of profit of associates and partnership , net of tax	-	(3)	(100)%	241	293	(17.7)%
Profit before tax	9,137	8,634	5.8%	29,431	32,114	(8.4)%
Tax expense	(1,608)	(1,426)	12.8%	(4,955)	(5,295)	(6.4)%
Profit for the period	7,529	7,208	4.5%	24,476	26,819	(8.7)%
Profit for the period attributable to:						
Owners of the Company	7,510	7,243	3.7%	24,509	26,869	(8.8)%
Non-controlling interests	19	(35)	N.M	(33)	(50)	N.M
	7,529	7,208	4.5%	24,476	26,819	(8.7)%

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

Statement of Comprehensive Income

	Group		Increase/	Group		Increase/
	4Q 2018	4Q 2017	(decrease)	12M 2018	12M 2017	(decrease)
	S\$'000	S\$'000	+/(-) %	S\$'000	S\$'000	+/(-) %
Profit for the period	7,529	7,208	4.5%	24,476	26,819	(8.7)%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences – foreign operations	(32)	(14)	128.6%	108	(266)	(140.6)%
Total other comprehensive income for the period	(32)	(14)	128.6%	108	(266)	(140.6)%
Total comprehensive income for the period	7,497	7,194	4.2%	24,584	26,553	(7.4)%
Total comprehensive income for the period attributable to:						
Owners of the Company	7,478	7,229	3.4%	24,617	26,603	(7.5)%
Non-controlling interests	19	(35)	N.M	(33)	(50)	N.M
	7,497	7,194	4.2%	24,584	26,553	(7.4)%

Notes:

- (1) 4Q denotes financial period from 1 October to 31 December
- (2) 12M denotes financial period from 1 January to 31 December
- (3) N.M denotes not meaningful

1 (a)(ii) Notes to the Statement of Profit or Loss

	Group		Increase/	Group		Increase/
	4Q 2018	4Q 2017	(Decrease)	12M 2018	12M 2017	(Decrease)
	S\$'000	S\$'000	+/(-) %	S\$'000	S\$'000	+/(-) %
Employee benefits expenses	8,586	8,344	2.9%	36,894	37,192	(0.8)%
Gain on disposal of property, plant & equipment	(2)	(405)	N.M	(277)	(444)	N.M
Government grants	-	(44)	95.7%	(785)	(1,014)	(22.6)%
Write back of impairment loss on trade receivables	(10)	(4)	150%	(33)	(56)	(41.1)%
Impairment loss on trade receivables	45	304	(85.2)%	370	458	(19.4)%
Operating lease expenses	14,747	13,543	8.9%	59,905	52,664	13.7%
Write off of property, plant & equipment	-	51	100%	244	94	159.6%
Impairment loss on investment properties	-	884	N.M	-	884	N.M
Reversal of impairment loss on investment properties	(485)	-	N.M	(485)	-	N.M
Impairment loss on property, plant & equipment	1,017	319	218.8%	1,017	1,301	(21.8)%
Interest expenses on bank loans	80	54	48.1%	250	351	(28.8)%
Interest income	(253)	(397)	(36.0)%	(385)	(1,427)	(73.0)%
Foreign exchange (gain)/loss (net)	68	17	N.M	26	(44)	N.M
Amortisation of lease prepayment	32	-	N.M	108	-	N.M
Amortisation of intangible assets	26	26	-%	77	108	(28.7)%
Write off of intangible assets	-	-	N.M	-	77	N.M
(Over)/Under provision for tax	(49)	(486)	N.M	6	(452)	N.M

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.

Statement of Financial Position

	Group		Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant & equipment	21,383	18,886	-	-
Lease prepayment	3,658	-	-	-
Intangible assets	143	180	1	-
Investment properties	13,765	9,990	-	-
Subsidiaries	-	-	1,000	-
Associates and partnership	262	401	-	-
Other investments	1,600	1,600	-	-
Trade and other receivables	11,329	11,129	-	-
Total non-current assets	52,140	42,186	1,001	-
Current assets				
Inventories	1,288	1,295	-	-
Lease prepayment	130	-	-	-
Trade and other receivables	10,158	10,687	6,374	21
Time deposits	35,000	-	-	-
Cash and cash equivalents	60,979	53,043	47,040	100
Total current assets	107,555	65,025	53,414	121
Total assets	159,695	107,211	54,415	121
LIABILITIES				
Current liabilities				
Trade and other payables	46,021	45,206	1,115	23
Loans and borrowings	411	184	-	-
Current tax liabilities	6,009	6,779	180	-
Provision for reinstatement cost	1,329	1,296	-	-
Total current liabilities	53,770	53,465	1,295	23
Non-current liabilities				
Trade and other payables	6,763	6,492	-	-
Loans and borrowings	4,364	1,573	-	-
Deferred tax liabilities	14	14	-	-
Provision for reinstatement cost	3,256	2,551	-	-
Total non-current liabilities	14,397	10,630	-	-
Total liabilities	68,167	64,095	1,295	23
EQUITY				
Share capital	44,961	1,000	44,961	100
Reserves	(287)	(395)	-	-
Retained earnings/(Accumulated losses)	46,737	42,361	8,159	(2)
Equity attributable to owners of the Company	91,411	42,966	53,120	98
Non-controlling interests	117	150	-	-
Total equity	91,528	43,116	53,120	98
Total equity and liabilities	159,695	107,211	54,415	121

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

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
411	-	184	-

Amount repayable after one year

As at 31 Dec 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,364	-	1,573	-

Details of any collateral

The borrowings are secured by the following:

- Leasehold properties and certain investment properties
- Assignment of rental proceeds in respect of certain investment properties
- Personal guarantees by the directors of a subsidiary

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.

Statement of Cash Flows

	Group		Group	
	4Q 2018	4Q 2017	12M 2018	12M 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	7,529	7,208	24,476	26,819
Adjustments for:				
Amortisation of lease prepayment	32	-	108	-
Amortisation of intangible assets	26	26	77	108
Depreciation of property, plant and equipment	2,684	2,022	11,241	8,425
Depreciation of investment properties	138	136	610	545
Gain on disposal of property, plant and equipment	(2)	(405)	(277)	(444)
Impairment loss on property, plant and equipment	1,017	319	1,017	1,301
Reversal of impairment loss on investment properties	(485)	-	(485)	-
Impairment loss on investment properties	-	884	-	884
Impairment loss on assets and liabilities held for sale	-	-	-	1,227
Impairment loss on intangible assets	1	-	1	-
Impairment loss on trade receivables	45	304	370	458
Write back of impairment loss on trade receivables	(10)	(4)	(33)	(56)
Finance income	(369)	(371)	(543)	(1,426)
Finance costs	228	51	399	351
Share of loss/(profit) of associates and partnership	-	3	(241)	(293)
Write off of property, plant and equipment	-	51	244	94
Write off of intangible assets	-	-	-	77
Tax expense	1,608	1,426	4,955	5,295
	12,442	11,650	41,919	43,365
Changes in working capital				
Inventories	(112)	(28)	7	164
Trade and other receivables	1,446	6,824	(69)	7,200
Trade and other payables	1,283	(1,212)	2,894	4,231
Cash generated from operations	15,059	17,234	44,751	54,960
Tax paid	(628)	(419)	(5,637)	(4,002)
Net cash generated from operating activities	14,431	16,815	39,114	50,958
Cash flows from investing activities				
Interest received	255	394	391	1,427
Proceeds from disposal of property, plant and equipment	556	433	633	490

(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

Statement of Cash Flows (cont'd)

	Group		Group	
	4Q 2018	4Q 2017	12M 2018	12M 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Proceeds from disposal of assets and liabilities held for sales	-	16,683	-	55,556
Proceeds from disposal of financial assets classified as available for sale	-	20,068	-	20,068
Net investments in associates	-	(21)	-	(108)
Purchases of:				
- intangible assets	(9)	(9)	(41)	(104)
- investment property	-	-	(3,900)	-
- property, plant and equipment	(4,146)	(4,788)	(14,926)	(12,102)
Payment for lease prepayment	-	-	(3,444)	-
Time deposits placed with bank	-	-	(35,000)	-
Net cash (used in)/from investing activities	(3,344)	32,760	(56,287)	65,227
Cash flows from financing activities				
Capital injection from non-controlling interest	-	-	-	200
Distribution of profits to the then-existing owners of sole-proprietors and partnership	-	(170)	(2,081)	(1,696)
Dividends paid to equity holders of the Company	(5,552)	(32,334)	(18,052)	(84,827)
Proceeds from issuance of new shares pursuant to Initial Public Offering	-	-	45,462	-
Payment of IPO transaction costs	(412)	-	(3,046)	-
Proceeds from loans and borrowings	130	-	3,380	650
Repayments of loans and borrowings	(133)	(98)	(362)	(25,554)
Interest paid	(79)	(54)	(250)	(351)
Net cash generated from/(used in) financing activities	(6,046)	(32,656)	25,051	(111,578)
Net increase/(decrease) in cash and cash equivalents	5,041	16,919	7,878	4,607
Cash and cash equivalents at beginning of financial period	55,842	36,145	53,043	49,043
Effect of exchange rate fluctuations on cash held	96	(21)	58	(607)
Cash and cash equivalents at end of financial period	60,979	53,043	60,979	53,043

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.

Statement of Changes in Equity

	<-----Attributable to owners of the Company----->			Non-controlling interests S\$'000	Total equity S\$'000	
	Share capital S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000			Total S\$'000
Group						
At 1 January 2018	1,000	(395)	42,361	42,966	150	43,116
Profit for the period	-	-	12,355	12,355	(64)	12,291
<u>Other comprehensive income</u>						
Foreign currency translation differences	-	192	-	192	-	192
Total other comprehensive income for the period	-	192	-	192	-	192
Total comprehensive income for the period	-	192	12,355	12,547	(64)	12,483
<u>Contribution by and distributions to owners</u>						
Dividends paid	-	-	(12,500)	(12,500)	-	(12,500)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	(1,045)	(1,045)	-	(1,045)
Total contribution by and distributions to owners	-	-	(13,545)	(13,545)	-	(13,545)
At 30 June 2018	1,000	(203)	41,171	41,968	86	42,054
Profit for the period	-	-	4,644	4,644	12	4,656
<u>Other comprehensive income</u>						
Foreign currency translation differences	-	(52)	-	(52)	-	(52)
Total other comprehensive income for the period	-	(52)	-	(52)	-	(52)
Total comprehensive income for the period	-	(52)	4,644	4,592	12	4,604
<u>Contribution by and distributions to owners</u>						
Issuance of new shares pursuant to IPO	45,462	-	-	45,462	-	45,462
IPO transaction costs deducted from equity	(1,347)	-	-	(1,347)	-	(1,347)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	(1,036)	(1,036)	-	(1,036)
Total contribution by and distributions to owners	44,115	-	(1,036)	43,079	-	43,079
At 30 September 2018	45,115	(255)	44,779	89,639	98	89,737

1(d)(i) Statement of Changes in Equity (cont'd)

Group	<-----Attributable to owners of the Company----->				Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
At 30 September 2018	45,115	(255)	44,779	89,639	98	89,737
Profit for the period	-	-	7,510	7,510	19	7,529
<u>Other comprehensive income</u>						
Foreign currency translation reserve	-	(32)	-	(32)	-	(32)
Total other comprehensive income for the period	-	(32)	-	(32)	-	(32)
Total comprehensive income for the period	-	(32)	7,510	7,478	19	7,497
<u>Contribution by and distributions to owners</u>						
Dividend paid	-	-	(5,552)	(5,552)	-	(5,552)
IPO transaction costs deducted from equity	(154)	-	-	(154)	-	(154)
Total contribution by and distributions to owners	(154)	-	(5,552)	(5,706)	-	(5,706)
At 31 December 2018	44,961	(287)	46,737	91,411	117	91,528

1(d)(i) Statement of Changes in Equity (cont'd)

Group	<-----Attributable to owners of the Company----->				Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
At 1 January 2017	1,000	(129)	102,015	102,886	-	102,886
Profit for the period	-	-	12,532	12,532	-	12,532
<u>Other comprehensive income</u>						
Foreign currency translation reserve	-	(262)	-	(262)	-	(262)
Total other comprehensive income for the period	-	(262)	-	(262)	-	(262)
Total comprehensive income for the period	-	(262)	12,532	12,270	-	12,270
<u>Contribution by and distributions to owners</u>						
Contribution by non-controlling interest	-	-	-	-	69	69
Dividends paid	-	-	(500)	(500)	-	(500)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	(1,476)	(1,476)	-	(1,476)
Total contribution by and distributions to owners	-	-	(1,976)	(1,976)	69	(1,907)
At 30 June 2017	1,000	(391)	112,571	113,180	69	113,249
Profit for the period	-	-	7,094	7,094	(15)	7,079
<u>Other comprehensive income</u>						
Foreign currency translation differences	-	10	-	10	-	10
Total other comprehensive income for the period	-	10	-	10	-	10
Total comprehensive income for the period	-	10	7,094	7,104	(15)	7,089
<u>Contribution by and distributions to owners</u>						
Contribution by non-controlling interests	-	-	-	-	131	131
Dividend paid	-	-	(51,993)	(51,993)	-	(51,993)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	(50)	(50)	-	(50)
Total contribution by and distributions to owners	-	-	(52,043)	(52,043)	131	(51,912)
At 30 September 2017	1,000	(381)	67,622	68,241	185	68,426

1(d)(i) Statement of Changes in Equity (cont'd)

	<-----Attributable to owners of the Company----->				Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
Group						
At 30 September 2017	1,000	(381)	67,622	68,241	185	68,426
Profit for the period	-	-	7,243	7,243	(35)	7,208
<u>Other comprehensive income</u>						
Foreign currency translation reserve	-	(14)	-	(14)	-	(14)
Total other comprehensive income for the period	-	(14)	-	(14)	-	(14)
Total comprehensive income for the period	-	(14)	7,243	7,229	(35)	7,194
<u>Contribution by and distributions to owners</u>						
Dividends paid	-	-	(32,334)	(32,334)	-	(32,334)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	(170)	(170)	-	(170)
Total contribution by and distributions to owners	-	-	(32,504)	(32,504)	-	(32,504)
At 31 December 2017	1,000	(395)	42,361	42,966	150	43,116

1(d)(i) Statement of Changes in Equity (cont'd)

	Attributable to owners of the Company		
	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Company			
At 1 January 2018	100	(2)	98
Loss and total comprehensive income for the period	-	(11)	(11)
<u>Contribution by and distribution to owners</u>			
Issuance of new shares	900	-	900
Total contribution by and distribution to owners	900	-	900
At 30 June 2018	1,000	(13)	987
Profit and total comprehensive income for the period	-	7,853	7,853
<u>Contribution by and distributions to owners</u>			
Issuance of new shares pursuant to IPO	45,462	-	45,462
IPO transaction costs deducted from equity	(1,347)	-	(1,347)
Total contribution by and distributions to owners	44,115	-	44,115
At 30 September 2018	45,115	7,840	52,955
Profit and total comprehensive income for the period	-	5,871	5,871
<u>Contribution by and distributions to owners</u>			
Dividends paid	-	(5,552)	(5,552)
IPO transaction costs deducted from equity	(154)	-	(154)
Total contribution by and distributions to owners	(154)	(5,552)	(5,706)
At 31 December 2018	44,961	8,159	53,120
	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
At 15 November 2017 (date of incorporation)	100	-	100
Loss and total comprehensive income for the period	-	(2)	(2)
At 31 December 2017	100	(2)	98

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company was incorporated on 15 November 2017 with 100,000 shares. On 1 April 2018, Jun Yuan Holdings Pte Ltd subscribed for 900,000 ordinary shares in the capital of the Company ("Shares") for a total consideration of S\$900,000, which was determined based on the issued and paid-up share capital of the Company on such date. The consideration was fully satisfied in cash.

On 27 June 2018, in preparation for the Company's listing on the Mainboard of the SGX-ST, the Company undertook a share split exercise pursuant to which each Share was sub-divided into 483 Shares, thereby increasing the number of Shares from 1,000,000 to 483,000,000. 21,000,000 Cornerstone shares and 51,163,000 New Shares were issued and allotted on 17 July 2018 in connection with the Initial Public Offering ("IPO").

Details of the changes in the issued and paid-up share capital of the Company from 1 January 2018 and the resultant issued and paid-up share capital immediately after the IPO and the Cornerstone Tranche are as follows:-

	No. of shares '000	Issued and paid-up share capital S\$'000
Fully paid ordinary shares, with no par value		
At 1 January 2018	100	100
Issuance of new shares	900	900
	1,000	1,000
Shares arising from share split	482,000	-
	483,000	1,000
At 30 June 2018	483,000	1,000
Cornerstone shares issued	21,000	13,230
Issuance of new shares pursuant to IPO	51,163	32,232
IPO transaction costs deducted from equity	-	(1,347)
	555,163	45,115
At 30 September 2018	555,163	45,115
IPO transaction costs deducted from equity	-	(154)
	555,163	44,961
At 31 December 2018	555,163	44,961

There were no convertible instruments as at 31 December 2018 and 31 December 2017.

The Company has no treasury shares as at 31 December 2018 and 31 December 2017.

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

The total number of issued ordinary shares as at 31 December 2018 and 31 December 2017 are 555,163,000 and 1,000,000 respectively. There are no treasury shares held by the Company.

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's 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 in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited combined financial statements for the year ended 31 December 2017.

(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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

In adopting the new framework, the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 - *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 - *Transfers of investment property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 - *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 - *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The adoption of the above standards and interpretations is assessed to have no significant impact on the financial statements.

(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.

	Group		Group	
	4Q 2018	4Q 2017	12M 2018	12M 2017
Basic earnings per share (cents)	1.35	1.50	4.75	5.56
Weighted average number of shares	555,163,000	483,000,000	516,215,000	483,000,000
Fully diluted earnings per share (cents)	1.35	1.50	4.75	5.56
Weighted average number of shares	555,163,000	483,000,000	516,215,000	483,000,000

(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	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value per share (cents)	16.47	8.90	9.57	0.02
Number of shares issued at end of the financial period	555,163,000	483,000,000	555,163,000	483,000,000

(8) A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of 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. It must also discuss any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on

OVERVIEW

Statements of Comprehensive Income

4Q 2018 vs 4Q 2017

The Group generated profit before taxation of S\$9.1 million in Q4 2018 as compared to S\$8.6 million in Q4 2017.

Revenue

Group revenue increased by S\$2.9 million or 5.3% from S\$54.2 million in Q4 2017 to S\$57.0 million in Q4 2018.

- (a) Revenue contribution from the outlet and mall management segment increased by S\$3.3 million from S\$26.4 million in Q4 2017 to S\$29.6 million in Q4 2018, was attributable to 3 new food courts and 1 coffee shop opened in FY 2018 at Fusionopolis, Oasis Terrace, Sengkang General Hospital and Tampines T-Space. The increase was partially offset by the closure of 3 food courts at Star Vista, Marina Bay Link Mall, 1983 A Taste of Nanyang at Marina Bay Sands and 1 coffee shop at Blk 204 Choa Chu Kang Avenue 1 which are mostly unprofitable.
- (b) Revenue from the food & beverage ("F&B") retail business segment decreased by S\$0.4 million from S\$27.8 million in Q4 2017 to S\$27.4 million in Q4 2018 was mainly attributable to (i) closure of 3 quick service restaurant ("QSRs") at Harbourfront Centre, Changi Airport Terminal 2 and Fusionopolis and (ii) closure of 12 F&B stalls in FY 2018. These 12 F&B stalls include 3 F&B stalls located within the food courts at Star Vista and 1983, A Taste of Nanyang at Marina Bay Sands closed in FY 2018 and 7 Western food stalls located at Square 2, Gek Poh Shopping Centre, Jurong East Mall, Yew Tee Point, Loyang Point, Dawson Place and Blk 872C Tampines which are now leased to tenants instead, 1 F&B stall located at Blk 204 Choa Chu Kang Avenue 1 and other one in a third party food court at Ang Mo Kio Hub. The decrease was partially offset by revenue contribution from the 4 new food & beverage ("F&B") stalls in the food courts and coffeeshop at Fusionopolis, Oasis Terrace, Sengkang General Hospital and Tampines T-space, 6 F&B kiosks at Marina Bay Sands, Oasis Terrace, Cotai Sands, Macau, SingPost Centre, Kinex, United Square and 2 QSRs at Millenia Walk and Fusionopolis which commenced operations in FY 2018.

Other Income

Other income increased by S\$0.8 million or 124.1% from S\$0.6 million in Q4 2017 to S\$1.4 million in Q4 2018 was mainly attributable to an increase in reimbursement of renovation fees charged to the stall operators arising from the renovation of existing and new food courts.

Cost of Inventories Consumed

Cost of inventories decreased by S\$0.1 million or 1.6% from S\$8.7 million in Q4 2017 to S\$8.6 million in Q4 2018 generally in line with the decrease in revenue from F&B retail business.

Staff Costs

Staff costs increased by S\$0.3 million or 2.9% from S\$8.3 million in Q4 2017 to S\$8.6 million in Q4 2018, was mainly due to increase in headcount of management team and new F&B Outlets opened FY 2018.

Depreciation of Investment Properties, Property, Plant and Equipment

Depreciation charges increased by S\$0.6 million or 30.8% from S\$2.2 million in Q4 2017 to S\$2.8 million in Q4 2018. This was mainly due to additional property, plant and equipment purchased for F&B Outlets and F&B stalls as well as existing F&B Outlets that were refurbished during the year.

Property Rentals and Related Expenses

Property rentals and related expenses increased by S\$2.1 million or 8.7% from S\$24.3 million in Q4 2017 to S\$26.4 million in Q4 2018 was mainly due to the increase in the number of F&B Outlets in FY 2018.

Distribution and Selling Expenses

Distribution and selling expenses increased marginally by S\$0.1 million or 87.1% from S\$0.2 million in Q4 2017 to S\$0.3 million in Q4 2018.

Administrative Expenses

Administrative expenses increased by S\$0.1 million or 7.1% from S\$1.5 million in Q4 2017 to S\$1.6 million in Q4 2018 mainly due to additional IPO transaction costs of S\$0.3 million expensed off in Q4 2018.

Other Operating Expenses

Other operating expenses decreased marginally by S\$0.1 million or 10.4% from S\$1.3 million in Q4 2017 to S\$1.2 million in Q4 2018.

Finance Income

Finance income remained relatively constant at S\$0.4 million for both Q4 2017 and Q4 2018.

Finance Costs

Finance costs increased by S\$0.2 million or 385.1% from S\$0.05 million in Q4 2017 to S\$0.2 million in Q4 2018, was mainly due to interest on bank loan for financing the property at Tampines, T-space.

Tax Expense

Tax expenses increased by S\$0.2 million or 12.8% from S\$1.4 million in Q4 2017 to S\$1.6 million in Q4 2018 due to higher profits generated in Q4 2018 as compared to Q4 2017.

FY 2018 vs FY 2017

The Group generated profit before taxation of S\$29.4 million in FY 2018 as compared to S\$32.1 million in FY 2017.

Revenue

Group revenue increased by S\$7.1 million or 3.3% from S\$216.7 million in FY 2017 to S\$223.8 million in FY 2018. This was mainly due to:-

- (a) Increase in revenue contribution from the outlet and mall management segment by S\$6.9 million from S\$105.4 million in FY 2017 to S\$112.3 million in FY 2018 was attributable to 3 new food courts and 1 coffee shop opened in FY 2018 at Fusionopolis, Oasis Terrace, Sengkang General Hospital

and Tampines T-Space and the full contribution from 1 new food court, 1 coffee shop and 1 hawker centre which commenced operations in FY2017. The increase was partially offset by (i) the closure of 3 food courts at Star Vista, Marina Bay Link Mall, 1983 A Taste of Nanyang at Marina Bay Sands and 1 coffee shop at Blk 204 Choa Chu Kang Avenue 1 which were mostly unprofitable and (ii) temporary closure in two phases of the food court at Marina Bay Sands from April 2018 to July 2018 for refurbishment and upgrading works.

- (b) Increase in revenue contribution from the F&B retail business segment of S\$0.2 million from S\$111.3 million in FY 2017 to S\$111.5 million in FY 2018 was attributable to 4 new F&B stalls in the food courts and coffeeshop at Fusionopolis, Oasis Terrace, Sengkang General Hospital and Tampines T-space, 6 F&B kiosks at Marina Bay Sands, Oasis Terrace, Cotai Sands, Macau, SingPost Centre, Kinex, United Square and 2 QSRs at Millenia Walk and Fusionopolis which commenced operations in FY 2018. The increase was also contributed from 2 new F&B kiosks, 2 QSRs, 1 full service restaurant and 3 self-operated F&B stalls which commenced business in FY2017. The increase was partially offset by (i) temporary closure of the food court at Marina Bay Sands for refurbishment and upgrading works (ii) closure of 3 quick service restaurant (“QSRs”) at Harbourfront Centre, Changi Airport Terminal 2 and Fusionopolis and (iii) closure of 12 F&B stalls in FY 2018. These 12 F&B stalls include 3 F&B stalls located within the food courts at Star Vista and 1983, A Taste of Nanyang at Marina Bay Sands closed in FY 2018 and 7 Western food stalls located at Square 2, Gek Poh Shopping Centre, Jurong East Mall, Yew Tee Point, Loyang Point, Dawson Place and Blk 872 Tampines which are now leased to tenants instead, 1 F&B stall located at Blk 204 Choa Chu Kang Avenue 1 and other one in a third party food court at Ang Mo Kio Hub.

Other Income

Other income increased by S\$1.2 million or 31.6% from S\$4.1 million in FY 2017 to S\$5.3 million in FY 2018 attributable to an increase in reimbursement of renovation fees charged to the stall operators arising from the renovation of existing and new food courts of S\$1.6 million, partially offset by the decrease in Government grants resulting from the reduction in the Government’s co-funding under the Wage Credit Scheme of S\$0.2 million and other miscellaneous income of S\$0.1 million.

Cost of Inventories Consumed

Cost of inventories decreased by S\$0.3 million or 1.0% from S\$35.4 million in FY 2017 to S\$35.1 million in FY 2018 despite an increase in the revenue contribution from the F&B segment, a result of better management and control of costs.

Staff Costs

Staff costs decreased by S\$0.3 million or 0.8% from S\$37.2 million in FY 2017 to S\$36.9 million in FY 2018, mainly due to write back of provision of prior year’s staff incentives unutilised in FY 2018.

Depreciation of Investment Properties, Property, Plant and Equipment

Depreciation charges increased by S\$2.9 million or 32.1% from S\$9.0 million in FY 2017 to S\$11.9 million in FY 2018. This was mainly due to additional property, plant and equipment purchased for new F&B outlets and F&B stalls.

Property Rentals and Related Expenses

Property rentals and related expenses increased by S\$9.2 million or 9.6% from S\$95.9 million in FY 2017 to S\$105.1 million in FY 2018 mainly due to (i) increase in rental expenses for six food courts and coffee shops sold to and leased back from Abundance Realty Pte Ltd, a subsidiary of the Controlling Shareholder in late Q3 2017, as part of the restructuring exercise and (ii) the increase in the number F&B Outlets in FY

2018. This includes rental costs incurred during the fit-out period for the 3 new food courts opened in FY 2018 amounting to S\$1.0 million.

Distribution and Selling Expenses

Distribution and selling expenses increased by S\$0.2 million or 10.0% from S\$1.8 million in FY 2017 to S\$2.0 million in FY 2018 mainly due to increase in advertising & promotion funds paid to landlords upon renewal of leases.

Administrative Expenses

Administrative expenses increased by S\$1.2 million or 22.9% from S\$5.1 million in FY 2017 to S\$6.3 million in FY 2018 mainly due to an increase in professional fees for IPO transaction costs expensed off in FY 2018 amounting to S\$1.5 million.

Other Operating Expenses

Other operating expenses decreased by S\$2.8 million or 47.9% from S\$5.7 million in FY 2017 to S\$2.9 million in FY 2018 mainly due to provision for impairment loss on assets and liabilities held for sale for the 6 coffee shops and food courts and 3 other freehold properties as part of the restructuring exercise in FY 2017 and a decrease in provision made for impairment losses on investment properties and property, plant and equipment in respect of loss-making outlets made in FY 2018 as compared to FY 2017.

Finance Income

Finance income decreased by S\$1.0 million or 63.1% from S\$1.5 million in FY 2017 to S\$0.5 million in FY 2018 mainly due to decrease in interest income of S\$1.3 million from the Convertible Loan Notes which was disposed in FY2017 as part of the restructuring exercise offset by an increase in interest income from time deposits of S\$0.3 million.

Finance Costs

Finance costs remain constant at S\$0.4 million in FY 2018. Increase in interest on bank loan for financing the property at Tampines, T-space during FY 2018 was partially offset by the decrease in loan interests after the disposal of six food courts and coffee shop to Abundance Realty Pte Ltd and one commercial unit to Jun Yuan Holdings Pte Ltd as part of the restructuring exercise in Q4 2017.

Tax Expense

Tax expenses correspondingly decreased by S\$0.3 million or 6.4% from S\$5.3 million in FY 2017 to S\$5.0 million in FY 2018. The effective tax rates were 16.5% and 16.8% in FY 2017 and FY 2018 respectively.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Financial Position

The comparative performance for assets and liabilities are based on financial statements as at 31 December 2017 and 31 December 2018.

Non-Current Assets

As at 31 December 2018, non-current assets increased by S\$10.0 million from S\$42.2 million to S\$52.1 million. The increase was mainly due to (i) the increase in investment properties by S\$3.8 million from S\$10.0 million as at 31 December 2017 to S\$13.8 million as at 31 December 2018, (ii) additions to property, plant and equipment by S\$2.5 million from S\$18.9 million as at 31 December 2017 to S\$21.4 million as at 31 December 2018 and (iii) the lease prepayment of the land premium for the integrated facility of S\$3.8 million paid in advance for the 30 years lease period in February 2018. The increase in investment properties was due to the investment property at Tampines T-Space having completed its construction in FY 2018. The increase in property, plant and equipment was due to additions to renovations, furniture and fittings and kitchen equipment with the opening of new F&B Outlets and self-operated F&B stalls, additions to plant and machinery and computers used at our food courts and hawker centre in FY 2018.

Current Assets

As at 31 December 2018, current assets increased by S\$42.6 million from S\$65.0 million to S\$107.6 million. The increase was mainly due to increase in time deposits placed with a bank of S\$35 million and cash and cash equivalents by S\$7.9 million from S\$53.0 million as at 31 December 2017 to S\$61.0 million as at 31 December 2018. Trade and other receivables decreased by S\$0.5 million from S\$10.7 million as at 31 December 2017 to S\$10.2 million as at 31 December 2018 mainly due to decrease in deposits placed with landlords. The increase in cash and cash equivalents and time deposits placed with bank are due to proceeds from issuance of new shares pursuant to IPO of S\$45.5 million. The increase was partially offset by the interim dividends of S\$18.1 million paid in FY 2018.

Non-Current Liabilities

Non-current liabilities increased by S\$3.8 million from S\$10.6 million as at 31 December 2017 to S\$14.4 million as at 31 December 2018. The increase was due to increase in trade and other payables by S\$0.3 million from S\$6.5 million in FY 2017 to S\$6.8 million in FY 2018, increase in loans and borrowings by S\$2.8 million from S\$1.6 million as at 31 December 2017 to S\$4.4 million as at 31 December 2018 for financing the investment property at Tampines T Space and increase in provision for reinstatement costs by S\$0.7 million from S\$2.6 million in FY 2017 to S\$3.3 million in FY 2018.

Current Liabilities

Current liabilities increased by S\$0.3 million from S\$53.5 million as at 31 December 2017 to S\$53.8 million as at 31 December 2018 mainly due to increase in trade and other payables of S\$0.9 million from S\$45.2 million in FY 2017 to S\$46.1 million in FY 2018 and increase in loan and borrowings of S\$0.2 million, partially offset by decrease in current tax liabilities of S\$0.8 million from S\$6.8 as at 31 December 2017 to S\$6.0 million as at 31 December 2018.

Statement of Cash Flows

Q4 2018 vs Q4 2017

The Group generated net cash flows from operating activities in Q4 2018 of S\$14.4 million, a result of operating profit before working capital changes of S\$12.4 million, adjusted for net working capital inflows of S\$2.6 million and income taxes paid of S\$0.6 million.

In Q4 2018, adjusted net working capital inflows of S\$2.6 million was mainly attributable to the cash inflows from trade and other receivables and trade and other payables of S\$1.5 million and S\$1.3 million respectively. Trade and other receivables recorded a high cash inflow of S\$6.8 million in Q4 2017 as compared to S\$1.5 million in Q4 2018 mainly due to a repayment from Jun Yuan Holdings for amount due in respect of the disposal of subsidiary, Abundance Development Pte Ltd, on 30 September 2017. Trade

and other payables recorded a cash outflow of S\$1.2 million in Q4 2017 as compared to a cash inflow of S\$1.3 million in Q4 2018 mainly due to GST payment of S\$2.4 million collected in Q3 2017 arising from the disposal of six food courts and coffee shops to Abundance Realty Pte Ltd and one commercial unit to Jun Yuan Holdings Pte Ltd as part of the restructuring exercise in Q4 2017.

Net cash flows used in investing activities in Q4 2018 amount to S\$3.3 million, was mainly attributable to the cash outflows for purchase of property, plant and equipment of S\$4.2 million for the expansion and renovation of outlets and integrated facility, partly offset by interest received of S\$0.3 million and proceeds from sales of property, plant & equipment of S\$0.6 million.

Net cash flows used in financing activities in Q4 2018 amount to S\$6.0 million, was attributable to the cash outflows from (i) the distribution of profits to the equity holders of the Company of S\$5.6 million, (ii) repayments of loans and borrowings of S\$0.1 million, (iii) payment of interest of S\$0.1 million and (iv) IPO transaction costs paid of S\$0.4 million, partly offset by the proceeds from loans and borrowings of S\$0.1 million.

FY 2018 vs FY 2017

The Group generated net cash flows from operating activities in FY 2018 of S\$39.1 million, a result of operating profit before working capital changes of S\$41.9 million, adjusted for net working capital inflows of S\$2.8 million and income taxes paid of S\$5.6 million.

Net cash flows used in investing activities in FY 2018 amount to S\$56.3 million, which was attributable to the cash outflows for (i) purchase of property, plant and equipment of S\$14.9 million for the expansion and renovation of outlets, (ii) payments made to the developer for the investment property at Tampines of S\$3.9 million, (iii) time deposit placed with bank of S\$35.0 million and (iv) lease prepayment of the land premium for the integrated facility of S\$3.5 million paid in advance, partially offset by (i) proceeds from disposal of plant and equipment of S\$0.6 million and (ii) interest received of S\$0.4 million on fixed deposits placed with banks.

Net cash flows generating from financing activities in FY 2018 amount to S\$25.1 million, which was attributable to the cash inflows from (i) gross proceeds from issuance of new shares pursuant to IPO of S\$45.5 million and (ii) proceeds from loans and borrowings of S\$3.4 million, partly offset by (i) distribution of profits to the then-existing owners of sole-proprietors and a partnership of S\$2.1 million, (ii) dividends paid to the equity holder of the Company of S\$18.1 million, (iii) repayments of loans and borrowings of S\$0.4 million, (iv) and payment of interest of S\$0.3 million and (v) IPO transaction cost paid of S\$3.0 million.

As a result of the above, there was a net increase in our Group's cash and cash equivalents by S\$7.9 million in FY 2018, from S\$53.0 million to S\$61.0 million.

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

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

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

In FY 2018, the food court at Marina Bay Sands (MBS) was temporarily closed for 4 months for progressive refurbishment works conducted in 2 phases which thus impacted our earnings for FY 2018. During the year, we opened 3 food courts and 1 coffee shop and at the same time, closed down 3 food courts and 1 coffee shop which were mostly unprofitable outlets. We went through a consolidation period in FY 2017 and FY 2018 whereby some of the unprofitable outlets were closed and we believe that the benefits from such consolidation and the re-opening of the food court at MBS should contribute positively in FY 2019 and thereafter.

The food and beverage (F&B) industry continues to be highly competitive and challenging. Increasing rental costs and labour costs as a result of labour shortage are key challenges faced in the F&B industry.

The Group remains focused on expanding our market share in food courts and coffee shops as well as expanding our F&B concept stores, bringing new food options and varieties to consumers.

As part of its expansion plans, the Group has secured five new food courts, one of which is in Macau, all targeted to open progressively in FY 2019. In addition, the expansion of “R&B Tea” brand in Singapore has seen the Group secured 7 new locations to date for the “R&B Tea” outlets in Singapore targeted to open progressively in FY 2019, bringing the total number of outlets for the tea beverage brand to 15. The Group will continue to look for and secure new premises to expand the number of F&B Outlets both locally and overseas.

The construction of the Group’s integrated facility has commenced in Q4 2018 which is targeted to be completed by 1H 2020. Meanwhile, the Group is actively exploring partners for its business to be operated in the integrated facility.

Barring any unforeseen circumstances, the Group expects to continue growing its business and remain profitable in the next 12 months.

(11) If a decision regarding dividend has been made:-

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
(b)(i) Amount per share (cents)**

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	1.2 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

(b)(ii) Previous corresponding period (cents)

None.

(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 the shareholders, this must be stated).

The dividend is tax exempt.

(d) The date the dividend is payable.

The proposed final dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on 24 April 2019, will be paid on 17 May 2019.

(e) Books closure date

The Share Transfer Books and Register of Members of Koufu Group Limited (the “Company”) will be closed on 8 May 2019, 5.00 p.m. for the purpose of determining the entitlements of the Company’s shareholders (“Shareholders”) to the proposed final one-tier tax-exempt dividend of 1.2 cent per ordinary share for the financial year ended 31 December 2018 (“Proposed Final Dividend”).

Duly stamped and completed transfer received by the Company’s Share Registrar, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619, at 5.00 p.m. on 8 May 2018 will be registered to determine Shareholders entitlements to the Proposed Final Dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited (“CDP”) are credited with shares of the Company as at 5.00 p.m. on 8 May 2018, will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by the shareholders at the Annual General Meeting to be held on 24 April 2019, will be paid on 17 May 2019.

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

Not applicable.

(13) If the Group has obtained a general mandate from shareholders for Interested Person Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

In connection with the IPO, the Group had obtained a general mandate from shareholders for IPTs disclosed in pages 173 to 180 of the Prospectus.

As disclosed on page 176 of the Prospectus, the Group had entered into the IPT transactions with the interested persons as detailed below:-

Name of Interested Persons	Aggregate value of all IPTs during the financial period under review (excluding transactions conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual and transactions less than S\$100,000)		Aggregate value of all IPTs conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)	
	3 months ended 31 December 2018	12 months ended 31 December 2018	3 months ended 31 December 2018	12 months ended 31 December 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Abundance Realty Pte Ltd				
(i) Food court and coffee shops' leases ⁽¹⁾	-	-	-	-
(ii) Service charges and outdoor refreshment area fees (paid on behalf) ⁽²⁾	48	194	-	-
(iii) Repayment of loan interest ⁽³⁾	42	172	-	-
Great Solutions Pte Ltd				
Dishwashing, cleaning, landscaping and vector control services ⁽⁴⁾	-	-	102	538
Brightlink Electrical Pte Ltd				
Provision of renovation works and other general electrical works ⁽⁵⁾	-	-	207	1,015
Jun Yuan Holdings Pte Ltd				
Allocation of IPO transaction costs to vendor for sale of shares ⁽⁶⁾	-	149	-	-

Notes:

- (1) As disclosed in our Group's IPO Prospectus, our Group leases one food court and five coffee shop properties from Abundance Realty Pte Ltd with the leases executed on 28 September 2017 for a lease term of four years commencing 28 September 2017 as disclosed in the prospectus. The monthly rental amounts to \$268,000 with an aggregate value of \$12,864,000 for the entire lease period.
- (2) Service charges and outdoor refreshment area fees which were paid by Abundance Realty Pte Ltd ("Abundance") to HDB and town councils in relation to the one food court and five coffee shops leased from Abundance were reimbursed by the Group to Abundance at cost on a monthly basis.
- (3) As disclosed in our Group's IPO Prospectus, our Group obtained a loan of S\$6.9 million from Abundance to finance the coffee shop property at 18 Jalan Membina after the entire loan amount was repaid to the bank pursuant to the restructuring. In turn, Abundance had obtained a 96-month term loan of S\$ 6.9 million from DBS Bank Ltd on 28 September 2017 under which monthly repayments are made by them. The rate of interest on the loan from Abundance to our Group is in accordance with the rate of interest of the bank facility granted by DBS Bank Ltd to Abundance. As at 31 December 2018, the remaining loan balance owing to Abundance is S\$5.8 million.
- (4) As disclosed in our Group's IPO Prospectus, our Group obtains dishwashing (offsite and on premises), cleaning (general, toilet and car park), landscaping and vector control services from Great Solutions Pte. Ltd. in respect of the Hawker Centre for a period of 2 years from 3 October 2017 payable upon service rendered on a monthly basis.
- (5) As disclosed in our Group's IPO Prospectus, our Group obtains electrical services from Brightlink Electrical Pte Ltd in connection with renovation works and other general electrical works at our F&B Outlets.
- (6) Allocation of IPO transaction costs, after subtracting those deducted from equity and those costs borne wholly by the vendor e.g. underwriting fee for sale of vendor shares and legal fee incurred by the vendor are apportioned to the vendor based on the enlarged number of shares post IPO (555,163,000) vis-a-vis the number of shares (48,785,700) sold by the vendor during the IPO.

Save for the above, there are no other IPTs for the period under review.

(14) Confirmation Pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

(15) Use of IPO proceeds

The Company received gross proceeds amounting to approximately S\$45.5 million raised from the IPO on the Main Board of SGX-ST on 18 July 2018.

As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:-

	Allocated	Utilised	Balance
	S\$'000	S\$'000	S\$'000
Capital expenditure for integrated facility	30,000	(216)	29,784
Refurbishment and renovation of new and existing F&B Outlets	8,000	(1,276)	6,724
Acquisitions, joint ventures, strategic alliances or investments	5,000	-	5,000
Listing expenses	2,500	(2,500)	-
Total	45,500	(3,992)	41,508

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Prospectus.

(16) Segmental revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's financial statements, with comparative information for the immediately preceding year

(a) By Business Segments

	Outlet and mall management business \$'000	F&B retail business \$'000	Others \$'000	Total \$'000
2018				
External revenues	112,317	111,523	–	223,840
Inter-segment revenue	199	–	2,469	2,668
Finance income	2	37	126	165
Finance costs	–	(7)	(392)	(399)
Depreciation and amortisation	(10,610)	(1,426)	–	(12,036)
Reportable segment profit before tax	15,683	22,565	(6,330)	31,918
Share of profit of equity-accounted associate	–	–	–	241
Other material non-cash items:				
- Gain on disposal of property, plant and equipment	231	46	–	277
- Write off of property, plant and equipment	(107)	(137)	–	(244)
- Write back of impairment loss on trade receivables	33	–	–	33
- Impairment loss on trade receivables	(370)	–	–	(370)
- Impairment loss on investment properties	-	–	–	-
- Impairment loss on property, plant & equipment	(1,017)	–	–	(1,017)
- Reversal of impairment loss on investment properties	485	-	-	485
Reportable segment assets	58,611	3,599	30	62,240
Equity-accounted associate	–	–	–	262
Capital expenditure	12,451	1,894	–	14,345
Reportable segment liabilities	36,337	11,792	14,051	62,180

	Outlet and mall management business \$'000	F&B retail business \$'000	Others \$'000	Total \$'000
2017				
External revenues	105,360	111,319	–	216,679
Inter-segment revenue	119	–	544	663
Finance income	5	–	1,386	1,391
Finance costs	–	–	(351)	(351)
Depreciation and amortisation	(7,397)	(1,681)	–	(9,078)
Reportable segment profit before tax	13,521	24,618	(6,397)	31,742
Share of profit of equity-accounted associate	–	–	–	293
Other material non-cash items:				
- Gain on disposal of property, plant and equipment	433	11	–	444
- Write off of property, plant and equipment	(88)	(6)	–	(94)
- Impairment loss on trade receivables	(402)	–	–	(402)
- Impairment loss on investment properties	(884)	–	–	(884)
- Impairment loss on property, plant & equipment	(1,301)	–	–	(1,301)
- Impairment loss on assets held for sale	(1,227)	–	–	(1,227)
Reportable segment assets	46,340	5,827	1,600	53,767
Equity-accounted associate	–	–	–	401
Capital expenditure	11,397	775	–	12,172
Reportable segment liabilities	32,707	11,909	12,686	57,302

(b) By Geographical Segments

The following table provides an analysis of the Group's revenue from external customers based on the geographical locations where revenue is generated.

Revenue	Group			
	FY2018 S\$'000	%	FY2017 S\$'000	%
Singapore	204,526	91.4	200,082	92.3
Macau	19,314	8.6	16,597	7.7
Total	223,840	100.0	216,679	100.0

(17) Breakdown of revenue and profit after tax as follows:

	Group		
	FY2018	FY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue reported for:			
(a) First half of the financial year	109,227	106,936	2.1%
(b) Second half of the financial year	114,613	109,743	4.4%
	223,840	216,679	3.3%
Profit attributable to owners of the Company reported for:			
(a) First half of the financial year	12,355	12,532	(1.4)%
(b) Second half of the financial year	12,154	14,337	(15.2)%
	24,509	26,869	(8.8)%

(18) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	Group	
	FY2018 S\$'000	FY2017 S\$'000
Ordinary Dividends		
Interim dividends	18,052	84,827
Final dividends ⁽¹⁾	6,662	-
Dividends paid to the then-existing owners of sole-proprietors and partnership	2,081	1,696
	26,795	86,523

Note:

⁽¹⁾ The proposed final one-tier tax exempt dividends in respect of FY2018 is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Ms. Ng Lian Leck	44	Sister of Mdm Ng Hoon Tien (Director and substantial shareholder)	Head of Procurement since FY 2002	No change

BY ORDER OF THE BOARD

Pang Lim
Executive Chairman and Chief Executive Officer

26 February 2019

DBS Bank Ltd. was the sole issue manager, global coordinator, bookrunner and underwriter (the “**Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter**”) for the initial public offering of shares in, and listing of, Koufu Group Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Sole Issue Manager, Global Coordinator, Bookrunner and Underwriter assumes no responsibility for the contents of this announcement.