

# ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

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

## UNAUDITED HALF YEAR FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2020

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

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

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

### Background

ST Group Food Industries Holdings Limited (the “Company”, and together with its subsidiaries, “ST Group” or the “Group”) was incorporated in the Republic of Singapore on 11 January 2018 and was listed on the Catalist Board of the SGX-ST (“Catalist”) on 3 July 2019. ST Group was formed pursuant to a restructuring exercise (the “Restructuring Exercise”) undertaken as part of its corporate re-organisation, which involved the rationalisation of its corporate and shareholding structure for the purposes of the Company’s listing on Catalist. Please refer to the Company’s Offer Document for further details on the Restructuring Exercise.

Founded in 2011, ST Group holds the exclusive franchise and licence rights to six internationally popular food and beverage (“F&B”) brands, namely, “PappaRich”, “NeNe Chicken”, “Gong Cha”, “Hokkaido Baked Cheese Tart”, “IPPUDO” and “iDarts”, in various territories. It has also developed two of its own brand concepts, “PAFU” and “KURIMU”. ST Group launched “PAFU” and “KURIMU” in December 2017 and July 2019, respectively. ST Group had also launched its first “Gong Cha” outlet in England in June 2019 and had recently opened a “Go Noodle House” outlet in Melbourne, Australia in November 2020.

ST Group operates in the key geographical markets of Australia, New Zealand, Malaysia and United Kingdom through four main business segments - F&B retail sales under the various brands through outlets owned and operated by the Group, the sub-franchising and sub-licensing of brands to sub-franchisees and sub-licensees, the sale of F&B ingredients and other supplies to its franchise network through its Central Kitchen, and receipt of machine income from electronic dart machines installed at sub-franchised “iDarts” outlets.

As at 31 December 2020, ST Group had a network of 121 outlets comprising 46 Group-owned outlets and 75 outlets owned and operated by its sub-franchisees and sub-licensees across its key geographical markets. As at 31 January 2021, the network has increased to 123 outlets comprising 47 Group-owned outlets and 76 outlets owned and operated by sub-franchisees and sub-licensees.

**Number of outlets by brands**

	As at 31 December 2020		As at 30 June 2020	
	Owned	Sub-franchised/ sub-licensed	Owned	Sub-franchised/ sub-licensed
<b>PappaRich</b>				
- Australia	7	24	7	22
- New Zealand	-	4	-	5
<b>NeNe Chicken</b>				
- Australia	3	16	2	16
- Malaysia	2	5	4	6
<b>Gong Cha</b>				
- New Zealand	11	9	10	7
- United Kingdom	3	-	2	-
<b>Hokkaido Baked Cheese Tart</b>				
- Australia	7	7	8	7
<b>iDarts</b>				
- Australia	-	5	-	5
<b>PAFU</b>				
- Australia	6	4	6	4
<b>IPPUDO</b>				
- Australia	2	-	2	-
- New Zealand	2	-	1	-
<b>KURIMU</b>				
- Australia	2	1	2	-
<b>Go Noodle House</b>				
- Australia	1	-	-	-
<b>Total</b>	<b>46</b>	<b>75</b>	<b>44</b>	<b>72</b>

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

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

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group		Increase/ (Decrease) %
	1H FY2021 <sup>(1)</sup>	1H FY2020 <sup>(2)</sup>	
	(A\$) (Unaudited)	(A\$) (Unaudited)	
Revenue	21,071,594	29,077,681	(27.5)
Other income	2,276,518	850,325	167.7
<b>Expenses</b>			
Changes in inventories	(567,409)	1,066,787	NM
Purchases of inventories	(6,167,561)	(9,228,004)	(33.2)
Franchise restaurants and stores related establishment costs	(686,846)	(722,816)	(5.0)
Rental expenses	539,398	(505,143)	NM
Staff costs	(7,081,018)	(9,797,316)	(27.7)
Depreciation expenses	(3,903,653)	(3,600,322)	8.4
Amortisation expense	(138,214)	(143,860)	(3.9)
Finance costs	(778,079)	(807,982)	(3.7)
IPO expense	-	(238,107)	NM
Other expenses	(3,734,676)	(3,064,470)	21.9
<b>Profit before tax</b>	<b>830,054</b>	<b>2,886,773</b>	<b>(71.2)</b>
Tax expense	(648,331)	(788,573)	(17.8)
<b>Profit for the period</b>	<b>181,723</b>	<b>2,098,200</b>	<b>(91.3)</b>
<b>Other comprehensive income</b>			
Item that is or may be reclassified subsequently to profit or loss:			
- Currency translation differences arising from consolidation	104,790	6,604	NM
<b>Total comprehensive income for the period</b>	<b>286,513</b>	<b>2,104,804</b>	<b>(86.4)</b>
<b>Profit attributable to:</b>			
Equity holders of the Company	445,091	1,883,676	(76.4)
Non-controlling interests	(263,368)	214,524	NM
<b>Profit for the period</b>	<b>181,723</b>	<b>2,098,200</b>	<b>(91.3)</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company	549,881	1,890,280	(70.9)
Non-controlling interests	(263,368)	214,524	NM
<b>Total comprehensive income for the period</b>	<b>286,513</b>	<b>2,104,804</b>	<b>(86.4)</b>

NM: Not meaningful

#### Notes:

- (1) "1H FY2021": six-month financial period from 1 July 2020 to 31 December 2020  
(2) "1H FY2020": six-month financial period from 1 July 2019 to 31 December 2019

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

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

	Group		
	1H FY2021	1H FY2020	Increase/ (Decrease)
	(A\$)	(A\$)	%
	(Unaudited)	(Unaudited)	
Allowance for impairment losses on trade receivables	(288,233)	-	NM
Amortisation expense	(138,214)	(143,860)	(3.9)
Bad debts written off	3,489	2,766	26.1
Depreciation of			
- Property, plant and equipment	(1,368,989)	(1,407,474)	(2.7)
- Right-of-use assets	(2,534,664)	(2,192,848)	15.6
Foreign exchange (loss)/ gain, net	(153,035)	51,829	NM
Gain on termination of leases	43,112	-	NM
Grant income	1,821,409	200,000	NM
Impairment losses on property, plant and equipment	(269,552)	-	NM
Interest income	36,936	53,943	(31.5)
Property, plant and equipment written off	(381,620)	(12,049)	NM
Rebates income from suppliers	344,044	498,790	(31.0)
Royalty fee expense	(397,482)	(427,094)	(6.9)
Finance cost on			
- Borrowings	(62,784)	(96,742)	(35.1)
- Lease liabilities	(715,295)	(711,240)	0.6
Adjustment for under-provision of tax in respect of prior periods:-			
- Income tax	-	(1,323)	NM
- Deferred tax	-	(141,404)	NM

*NM: Not meaningful*

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

**STATEMENTS OF FINANCIAL POSITION**

	Group		Company	
	As at 31 December 2020 (A\$) (Unaudited)	As at 30 June 2020 (A\$) (Audited)	As at 31 December 2020 (A\$) (Unaudited)	As at 30 June 2020 (A\$) (Audited)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	12,578,181	12,519,020	-	-
Right-of-use assets	22,363,015	22,838,366	-	-
Intangible assets	3,282,705	3,202,803	-	-
Investment in subsidiaries	-	-	38,363,505	38,363,505
Deferred tax asset	2,926,126	3,294,635	402,262	410,937
Fixed deposits	2,325,606	2,044,373	-	-
Trade and other receivables	1,350,643	1,453,168	-	-
<b>Total non-current assets</b>	<b>44,826,276</b>	<b>45,352,365</b>	<b>38,765,767</b>	<b>38,774,442</b>
<b>Current assets</b>				
Contract assets	109,662	65,115	-	-
Inventories	2,060,283	2,627,692	-	-
Trade and other receivables	6,212,035	4,703,056	11,280,292	9,686,626
Fixed deposits	1,580,157	1,611,834	1,580,157	1,579,964
Cash and bank balances	7,432,701	6,845,754	903,764	2,156,259
<b>Total current assets</b>	<b>17,394,838</b>	<b>15,853,451</b>	<b>13,764,213</b>	<b>13,422,849</b>
<b>Total assets</b>	<b>62,221,114</b>	<b>61,205,816</b>	<b>52,529,980</b>	<b>52,197,291</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	57,200,620	57,200,620	57,200,620	57,200,620
Treasury shares	(914,919)	(899,238)	(914,919)	(899,238)
Other reserves	(39,404,294)	(39,509,084)	-	-
Retained earnings	3,573,385	3,128,294	(3,973,755)	(4,343,998)
Equity attributable to equity holders of the Company, total	20,454,792	19,920,592	52,311,946	51,957,384
Non-controlling interests	1,603,301	1,866,669	-	-
<b>Total equity</b>	<b>22,058,093</b>	<b>21,787,261</b>	<b>52,311,946</b>	<b>51,957,384</b>
<b>Non-current liabilities</b>				
Borrowings	835,449	335,095	-	-
Lease liabilities	21,428,344	22,296,848	-	-
Contract liabilities	742,077	831,799	-	-
<b>Total non-current liabilities</b>	<b>23,005,870</b>	<b>23,463,742</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	8,445,482	5,904,736	218,034	239,907
Contract liabilities	480,133	535,355	-	-
Borrowings	642,830	1,074,914	-	-
Lease liabilities	5,707,485	6,388,729	-	-
Tax payable	1,881,221	2,051,079	-	-
<b>Total current liabilities</b>	<b>17,157,151</b>	<b>15,954,813</b>	<b>218,034</b>	<b>239,907</b>
<b>Total liabilities</b>	<b>40,163,021</b>	<b>39,418,555</b>	<b>218,034</b>	<b>239,907</b>
<b>Total equity and liabilities</b>	<b>62,221,114</b>	<b>61,205,816</b>	<b>52,529,980</b>	<b>52,197,291</b>

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

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

	As at 31 December 2020 (A\$)		As at 30 June 2020 (A\$)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	579,445	63,385	1,011,754	63,160
Equipment finance lease classified as lease liabilities	378,323	-	414,726	-

**Amount repayable after one year**

	As at 31 December 2020 (A\$)		As at 30 June 2020 (A\$)	
	Secured	Unsecured	Secured	Unsecured
Borrowings	835,449	-	335,095	-
Equipment finance lease classified as lease liabilities	250,133	-	426,318	-

**Details of any collateral**

As at 31 December 2020, the Group's borrowings were secured by way of:

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

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

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	1H FY2021 (A\$) (Unaudited)	Group 1H FY2020 (A\$) (Unaudited)
<b>Cash flows from operating activities</b>		
Profit before tax	830,054	2,886,773
<u>Adjustments for:-</u>		
Impairment losses on property, plant and equipment	269,552	-
Impairment losses on trade receivables	291,722	2,766
Amortisation expense	138,214	143,860
Depreciation expense		
- Property, plant and equipment	1,368,989	1,407,474
- Right-of-use assets	2,534,664	2,192,848
Gain on termination of leases	(43,112)	-
Interest income	(36,936)	(53,943)
Interest expenses	778,079	807,982
Property, plant and equipment written off	381,620	12,049
Unrealised exchange loss	153,035	23,950
Operating cash flow before working capital changes	6,665,881	7,423,759
Inventories	567,410	(1,092,191)
Receivables and contract assets	(1,927,132)	(526,905)
Payables and contract liabilities	842,880	(522,319)
Currency translation adjustments	62,021	(12,689)
Cash generated from operations	6,211,060	5,296,655
Income tax paid	(449,679)	(1,452,618)
<b>Net cash generated from operating activities</b>	<b>5,761,381</b>	<b>3,817,037</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(2,026,694)	(2,859,596)
Purchased goodwill	(209,717)	-
Interest received	36,936	53,943
<b>Net cash used in investing activities</b>	<b>(2,199,475)</b>	<b>(2,805,653)</b>

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

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**

	<b>Group</b>	
	<b>1H FY2021 (A\$) (Unaudited)</b>	<b>1H FY2020 (A\$) (Unaudited)</b>
<b>Cash flow from financing activities</b>		
Proceeds from borrowings	300,000	141,590
Repayment of borrowings	(226,301)	(488,002)
Repayment of lease liabilities	(2,185,978)	(2,474,715)
Advances from related parties	-	149,338
Repayment to shareholders/related parties	-	(296,995)
Dividends paid to non-controlling interests	-	(402,500)
Interest paid	(763,180)	(96,742)
Increase in fixed deposits pledged	(245,346)	(253,938)
Lease incentives received	186,433	-
Purchases of treasury shares	(15,681)	(297,136)
IPO proceeds from issuance of ordinary shares	-	10,133,784
<b>Net cash (used in)/ generated from financing activities</b>	<b>(2,950,053)</b>	<b>6,114,684</b>
<b>Net increase in cash and cash equivalents</b>	<b>611,853</b>	<b>7,126,068</b>
Cash and cash equivalents at beginning of the financial period	8,227,895	3,959,268
Effect of exchange rate changes on cash and cash equivalents	(24,713)	(46,534)
<b>Cash and cash equivalents at end of the financial period</b>	<b>8,815,035</b>	<b>11,038,802</b>
<b>For purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:-</b>		
Cash and bank balances	7,432,701	11,278,403
Fixed deposits	3,905,763	2,110,231
Less: Bank overdrafts	(197,823)	(239,601)
	<b>11,140,641</b>	<b>13,149,033</b>
Less: Fixed deposits (pledged)	(2,325,606)	(2,110,231)
Cash and cash equivalents per consolidated statement of cash flows	<b>8,815,035</b>	<b>11,038,802</b>



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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

<b>Group</b>	<b>Share capital (A\$)</b>	<b>Treasury shares (A\$)</b>	<b>Other reserves (A\$)</b>	<b>Retained earnings (A\$)</b>	<b>Equity attributable to equity holders of the Company (A\$)</b>	<b>Non-controlling interests (A\$)</b>	<b>Total equity (A\$)</b>
<b>As at 1 July 2020</b>	57,200,620	(899,238)	(39,509,084)	3,128,294	19,920,592	1,866,669	21,787,261
Profit for the period	-	-	-	445,091	445,091	(263,368)	181,723
<b>Other comprehensive income</b>							
Currency translation differences on consolidation	-	-	104,790	-	104,790	-	104,790
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	104,790	-	104,790	-	104,790
<b>Total comprehensive income for the period</b>	-	-	104,790	445,091	549,881	(263,368)	286,513
<i>Transactions with owners recognised directly in equity</i>							
Purchases of treasury shares	-	(15,681)	-	-	(15,681)	-	(15,681)
<b>As at 31 December 2020</b>	57,200,620	(914,919)	(39,404,294)	3,573,385	20,454,792	1,603,301	22,058,093

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)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

<b>Group</b>	<b>Share capital (A\$)</b>	<b>Treasury shares (A\$)</b>	<b>Other reserves (A\$)</b>	<b>Retained earnings (A\$)</b>	<b>Equity attributable to equity holders of the Company (A\$)</b>	<b>Non-controlling interests (A\$)</b>	<b>Total equity (A\$)</b>
<b>As at 1 July 2019</b>	47,490,345	-	(39,522,749)	4,585,647	12,553,243	2,914,641	15,467,884
<b>Adoption of SFRS(I)16</b>	-	-	-	(1,108,843)	(1,108,843)	(173,902)	(1,282,745)
	47,490,345	-	(39,522,749)	3,476,804	11,444,400	2,740,739	14,185,139
Profit for the period	-	-	-	1,883,676	1,883,676	214,524	2,098,200
<b>Other comprehensive income</b>							
Currency translation differences on consolidation	-	-	6,604	-	6,604	-	6,604
<b>Other comprehensive income for the financial period, net of tax</b>	-	-	6,604	-	6,604	-	6,604
<b>Total comprehensive income for the period</b>	-	-	6,604	1,883,676	1,890,280	214,524	2,104,804
<i>Transactions with owners recognised directly in equity</i>							
Issuance of new shares pursuant to the IPO	10,133,784	-	-	-	10,133,784	-	10,133,784
Purchases of treasury shares	-	(297,136)	-	-	(297,136)	-	(297,136)
Capitalisation of share issue expenses	(423,509)	-	-	-	(423,509)	-	(423,509)
Dividends	-	-	-	-	-	(402,500)	(402,500)
<b>As at 31 December 2019</b>	<b>57,200,620</b>	<b>(297,136)</b>	<b>(39,516,145)</b>	<b>5,360,480</b>	<b>22,747,819</b>	<b>2,552,763</b>	<b>25,300,582</b>

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

**STATEMENT OF CHANGES IN EQUITY**

<b>Company</b>	<b>Share capital (A\$)</b>	<b>Treasury shares (A\$)</b>	<b>Retained earnings (A\$)</b>	<b>Total equity (A\$)</b>
<b>At 1 July 2020</b>	57,200,620	(899,238)	(4,343,998)	51,957,384
Profit and total comprehensive income for the financial period	-	-	370,243	370,243
Purchases of treasury shares	-	(15,681)	-	(15,681)
<b>At 31 December 2020</b>	<b>57,200,620</b>	<b>(914,919)</b>	<b>(3,973,755)</b>	<b>52,311,946</b>
<b>At 1 July 2019</b>	47,490,345	-	(1,265,983)	46,224,362
Profit and total comprehensive income for the financial period	-	-	1,479,146	1,479,146
Issuance of new shares pursuant to IPO	9,710,275	-	-	9,710,275
Purchases of treasury shares	-	(297,136)	-	(297,136)
<b>At 31 December 2019</b>	<b>57,200,620</b>	<b>(297,136)</b>	<b>213,163</b>	<b>57,116,647</b>

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

	Number of shares	Issued and paid-up share capital (A\$)
<b><u>Ordinary Shares</u></b>		
As at 1 July 2020/ 31 December 2020	<u>246,000,000</u>	<u>57,200,620</u>
	Number of shares	Percentage of the aggregate number of the treasury shares against the total number of shares outstanding
<b><u>Treasury Shares</u></b>		
As at 1 July 2020	3,296,500	1.3%
Shares buy back	<u>226,500</u>	<u>0.1%</u>
As at 31 December 2020	<u>3,523,000</u>	<u>1.4%</u>
As at 1 July 2019	-	-
Shares buy back	<u>1,035,000</u>	<u>0.4%</u>
As at 31 December 2019	<u>1,035,000</u>	<u>0.4%</u>

The Company did not have any outstanding options, convertibles and subsidiary holdings as at 31 December 2019 and 31 December 2020.

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

	At 31 December 2020	At 30 June 2020
Total number of shares issued, excluding treasury shares	<u>242,477,000</u>	<u>242,703,500</u>

There were a total 3,523,000 treasury shares held as at 31 December 2020 (30 June 2020: 3,296,500).

**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.**

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

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

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

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

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

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 30 June 2020 are not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, which are consistent with the audited financial statements for the year ended 30 June 2020.

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

The Group and the Company have adopted the new standards under the Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for the annual periods beginning on or after 1 January 2020. The adoption of the new standards has no material impact on the current financial results or position of the Group and the Company.

**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.**

	<u>1H FY2021</u>	<u>1H FY2020</u>
Profit attributable to owners of the Company (A\$)	445,091	1,883,676
Weighted average number of ordinary shares in issue <sup>(1)</sup>	242,503,973	245,799,565
Basic and diluted earnings per share (A\$ cents)	<u>0.2</u>	<u>0.8</u>

(1) During 1H FY2021, the Company conducted multiple share buyback exercises amounting to 226,500 shares in total. These share buyback exercises have been factored in arriving at the weighted average number of ordinary shares in issue for 1H FY2021.

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

	Group		Company	
	As at 31 December 2020 (Unaudited)	As at 30 June 2020 (Audited)	As at 31 December 2020 (Unaudited)	As at 30 June 2020 (Audited)
Net asset value ("NAV") (A\$)	20,454,792	19,920,592	52,311,946	51,957,384
Number of ordinary shares, excluding treasury shares	242,477,000	242,703,500	242,477,000	242,703,500
NAV per ordinary share (A\$ cents)	<u>8.4</u>	<u>8.2</u>	<u>21.6</u>	<u>21.4</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

## **REVIEW OF THE GROUP'S PERFORMANCE**

### Revenue

Revenue decreased by A\$8.0 million or 27.5%, from A\$29.1 million in 1H FY2020 to A\$21.1 million in 1H FY2021 mainly due to the adverse impact of the COVID-19 pandemic. The contributions from the respective major revenue segments were as follow:-

- (i) revenue from F&B retail sales decreased by A\$7.2 million or 34.5% from A\$20.9 million in 1H FY2020 to A\$13.7 million in 1H FY2021 as the COVID-19 pandemic affected the Group-owned outlet operations in 1H FY2021 given that most of these outlets in Australia are located in the state of Victoria which was one of the regions that was hit hardest by the pandemic and subjected to strict lockdowns during 1H FY2021;
- (ii) revenue from supply chain sales (comprising the sale of F&B ingredients and other supplies to our sub-franchisees and sub-licensees) decreased by A\$0.2 million or 3.2% from A\$5.0 million in 1H FY2020 to A\$4.8 million in 1H FY2021 as COVID-19 had affected the businesses of our sub-franchisees and sub-licensees, notwithstanding that the total number of sub-franchised and sub-licensed outlets increased by 5 from 70 as at the end of 1H FY2020 to 75 as at the end of 1H FY2021; and
- (iii) franchise revenue decreased by A\$0.5 million or 17.1% from A\$2.9 million in 1H FY2020 to A\$2.4 million in 1H FY2021 due mainly to a A\$0.5 million decrease in royalty fee income, as royalty fee income is generated based on fixed percentages of outlets revenue and the COVID-19 pandemic had adversely impacted the businesses of our sub-franchisees and sub-licensees. Project income relating to renovation and fitting-out of new outlets for sub-franchisees remained relatively stable at A\$0.9 million in 1H FY2021, as compared to A\$1.0 million in 1H FY2020.

The Group saw an increase in percentage of revenue contributed by its operations in New Zealand, from 15.3% in 1H FY2020 to 26.0% in 1H FY2021, in line with a net increase of 3 "Gong Cha" outlets and 1 "IPPUDO" outlet in New Zealand, and New Zealand's position as one of the first few countries to recover from the COVID-19 outbreak.

### Other income

Other income increased by A\$1.4 million or 167.7% from A\$0.9 million in 1H FY2020 to A\$2.3 million in 1H FY2021 due mainly to various government grants received amounting to A\$1.8 million arising from the COVID-19 pandemic. This was offset by a decrease of A\$0.2 million in supplier rebate income in 1H FY2021, due to the general decrease in purchases for both Group-owned outlets and franchised outlets.

### Changes in inventories

Changes in inventories amounted to a decrease of A\$0.6 million in 1H FY2021, as compared to an increase of A\$1.1 million in 1H FY2020. The fluctuations in the balance of our inventories are mainly due to timing of purchases and consumption of inventories.

### Purchases of inventories

Purchases of inventories decreased by A\$3.1 million or 33.2%, from A\$9.2 million in 1H FY2020 to A\$6.2 million in 1H FY2021, in line with the overall decrease in our aggregate revenue from F&B retail sales and supply chain sales as mentioned above.

### Franchise restaurants and stores related establishment costs

Franchise restaurants and stores related establishment costs remained relatively constant at A\$0.7 million in both 1H FY2020 and 1H FY2021. This was in line with the project income recorded of A\$1.0 million in 1H FY2020 and A\$0.9 million in 1H FY2021.

### Rental expense

The decrease in rental expenses of A\$1.0 million was due to various rent concessions granted by landlords amounting to A\$1.0 million due to the COVID-19 pandemic.

### Staff costs

The Group took various measures in 1H FY2021 to rationalise staff costs amidst the COVID-19 pandemic, which included planning work timetable based on business activity levels. As such staff costs decreased by A\$2.7 million or 27.7% from A\$9.8 million in 1H FY2020 to A\$7.1 million in 1H FY2021.

### Depreciation expenses

Depreciation expenses increased by A\$0.3 million or 8.4% from A\$3.6 million in 1H FY2020 to A\$3.9 million in 1H FY2021 due mainly to increase in depreciation expense for right-of-use assets on leases of A\$0.3 million, from A\$2.2 million in 1H FY2020 to A\$2.5 million in 1H FY2021 in tandem with the Group's sign up of leases in connection with the expansion of its network.

### Amortisation expense

Amortisation expense remained relatively stable at A\$0.1 million for both 1H FY2020 and 1H FY2021 and was in relation to amortisation of master franchise fees paid for our exclusive franchise and licensing rights of the various F&B brands that the Group carries.

### Finance costs

Finance costs remained relatively stable at A\$0.8 million for both 1H FY2020 and 1H FY 2021.

### IPO expense

IPO expense of A\$0.2 million was incurred in 1H FY2020 in connection with the listing of the Company on Catalist on 3 July 2019.

### Other expenses

Other expenses increased by A\$0.7 million or 21.9% from A\$3.1 million in 1H FY2020 to A\$3.7 million in 1H FY2021, mainly attributable to the increase in the following:

- (i) allowance for impairment of trade receivables of A\$0.3 million;
- (ii) impairment losses on property, plant and equipment of A\$0.3 million; and
- (iii) property, plant and equipment written off of A\$0.4 million.

which were partially reduced by a decrease in marketing expenses of A\$0.3 million.

These one-off expenses including allowance for impairment of trade receivables and store closure related costs in 1H FY2021 amounted to A\$0.9 million.



### Tax expense

Tax expense decreased by A\$0.1 million, from A\$0.8 million in 1H FY2020 to A\$0.6 million in 1H FY2021 due mainly to lower taxable income.

### Profit for the period

Due to the reasons above, profit for 1H FY2021 decreased by A\$1.9 million or 91.3% from A\$2.1 million in 1H FY2020 to A\$0.2 million in 1H FY2021.

### Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company decreased by A\$1.4 million or 76.4% from A\$1.9 million in 1H FY2020 to A\$0.4 million in 1H FY2021.

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

### Non-current Assets

The Group's non-current assets decreased by A\$0.5 million or 1.2% from A\$45.4 million as at 30 June 2020 to A\$44.8 million as at 31 December 2020, mainly attributable to the following:

- (i) a net decrease in right-of-use assets of A\$0.5 million arising from depreciation of right-of-use assets of A\$2.5 million, which was partially reduced by right-of-use assets recognised on new leases entered into and lease adjustments of A\$2.1 million;
- (ii) a decrease in deferred tax asset of A\$0.4 million mainly due to decrease in deductible temporary differences arising from lease liabilities; and
- (iii) offset by an increase in fixed deposits of A\$0.3 million, mainly due to additional deposits pledged to financial institutions as guarantees provided to landlords for certain leased premises during the lease period.

### Current Assets

Current assets increased by A\$1.5 million or 9.7%, from A\$15.9 million as at 30 June 2020 to A\$17.4 million as at 31 December 2020, mainly attributable to the following:

- (i) a net increase in trade and other receivables balances of A\$1.5 million as the Group's supply chain and franchise operations gradually recovered from the impact of the COVID-19 pandemic;
- (ii) an increase in cash and bank balances of A\$0.6 million; and
- (iii) offset by a decrease in inventories of A\$0.6 million due to timing of purchases and consumption of inventories.

### Non-current Liabilities

The Group's non-current liabilities decreased by A\$0.5 million or 2.0%, from A\$23.5 million as at 30 June 2020 to A\$23.0 million as at 31 December 2020. The decrease in non-current liabilities was mainly due to:

- (i) a decrease in non-current lease liabilities of A\$0.9 million, as the Group repaid its lease liabilities in 1H FY2021; and
- (ii) offset by an increase in non-current borrowings of A\$0.5 million, as the Group reclassified its borrowings according to revised repayment terms.

### Current Liabilities

The Group's current liabilities increased by A\$1.2 million or 7.5%, from A\$16.0 million as at 30 June 2020 to A\$17.2 million as at 31 December 2020, mainly attributable to the following:

- (i) a net increase in trade and other payables balances of A\$2.5 million as the Group's core business activities gradually recovers from the impact of the COVID-19 pandemic;
- (ii) offset by a net decrease in current lease liabilities of A\$0.7 million, as the Group repaid its lease liabilities in 1H FY2021;
- (iii) a net decrease in current borrowings of A\$0.4 million, as the Group reclassified its borrowings according to revised repayment terms; and
- (iv) a net decrease in tax payable of A\$0.2 million as the Group made corporate tax payments to tax authorities in the respective jurisdictions it operates in.

### Working Capital

The Group reported a positive net working capital of A\$0.2 million as at 31 December 2020, as compared to a negative working capital of A\$0.1 million as at 30 June 2020.

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

In 1H FY2021, the Group generated net cash from operating activities before changes in working capital of A\$6.7 million. Net cash used for working capital amounted to A\$0.5 million, due mainly to (i) net increase in receivables and contract assets of A\$1.9 million, which was partially offset by (ii) net increase in payables and contract liabilities of A\$0.8 million; and (iii) a decrease in inventories of A\$0.6 million. The movement in net cash used for working capital was in line with the Group's operations which were gradually recovering from the impact of the COVID-19 pandemic by the end of 1H FY2021. The Group also paid income tax of A\$0.4 million. As a result, net cash generated from operating activities amounted to A\$5.8 million.

Net cash used in investing activities amounted to A\$2.2 million, due mainly to additions to property, plant and equipment as the Group expanded its operations by opening up new outlets in Australia and New Zealand and the acquisition of an existing outlet from its franchisee.

Net cash used in financing activities amounted to A\$3.0 million, due mainly to repayment of lease liabilities of A\$2.2 million and interest paid of A\$0.8 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.**

The COVID-19 pandemic has adversely affected the operations of the Group in 1H FY2021. Nonetheless, there are signs of improvement in the major geographical segments that the Group operates in, namely, Australia and New Zealand, where the COVID-19 pandemic has been well-managed and contained. The Group has seen an increase in revenue in these geographical segments and is constantly on the lookout for favourable leases for potential new outlets. Various measures introduced during the height of the COVID-19 pandemic such as online orders, food delivery services and COVID-19 safe management measures remain in place to ensure that the Group's outlets continue to operate and generate revenue under restrictions imposed by the various jurisdictions that the Group operates in.

The Group is in a strong cash surplus position with relatively low gearing. The Group is constantly monitoring the latest development of the COVID-19 pandemic, especially in the geographical segments that it operates in. The Group is cautiously optimistic that it is able to remain agile and adaptable in the current economic climate and navigate through the COVID-19 pandemic until it achieves the new normal state.

As at 31 January 2021, the Group has a network of 123 outlets comprising 47 Group-owned outlets and 76 outlets owned and operated by its sub-franchisees and sub-licensees. The Group acquired 2 high-performing outlets from its franchisees, and opened 3 new Group-owned outlets and 5 new sub-franchised outlets subsequent to the Company's previous announcement on 25 September 2020. In addition, the Group has signed contracts to open a total 6 Group-owned and sub-franchised/ sub-licensed outlets by June 2021.

**11. Dividend**

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

Yes.

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.0015 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

**(ii) Previous corresponding period**

Name of dividend	Interim
Dividend type	Cash
Dividend amount per ordinary share (in A\$)	A\$0.0050 per ordinary share
Treasury shares	Not entitled
Tax rate	Net of tax after deduction of applicable Australia corporate tax

- (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).**

The dividend is net of tax after deduction of applicable Australia corporate tax. Please refer to Appendix F of the Offer Document for discussion on tax treatment of the dividend distribution.

- (d) The date the dividend is payable.**

Interim dividend is payable on 12 March 2021 in Singapore Dollar. The exchange rate to be used in determining payment of above interim dividend in Singapore Dollar will be disclosed in due course.

- (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.**

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 3 March 2021 will be registered before entitlements to the interim dividend are determined.

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

Not applicable.

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

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

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

To the best knowledge of the board of directors (the "Board"), nothing has come to the attention of the Board which may render the unaudited financial statements of the Group and the Company for 1H FY2021 to be false or misleading in any material aspect.

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

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

## 16. Use of IPO proceeds

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

	<b>Allocation of Net Proceeds (as disclosed in the Offer Document) (S\$'000)</b>	<b>Net proceeds utilised as at the date of this announcement (S\$'000)</b>	<b>Balance of Net Proceeds (S\$'000)</b>
Expansion of franchise network and introduction of new brands and concepts	4,000	(3,385)	615
Acquisition of new equipment and machinery and expansion of our existing Central Kitchen and corporate office in Australia	1,000	-	1,000
Establishing a new central kitchen and corporate office in Malaysia	600	-	600
General working capital purposes	600	(487) <sup>(1)</sup>	113
<b>Total</b>	<b>6,200</b>	<b>(3,872)</b>	<b>2,328</b>

Note

(1) Mainly utilised to support the Group's operations in Malaysia.

### BY ORDER OF THE BOARD

Saw Tatt Ghee  
Executive Chairman and Chief Executive Officer  
8 February 2021