

Appendix - 1

RESPONSES TO SGX QUERIES

SGX Query 1:

State all the items that were restated and provide the supporting bases for the restatement of Items.

Company's response to SGX Query 1:

As indicated in the 1Q2019 Results Announcement, the comparative financial statements for 1Q2018 ("1Q2018 CFS") have been restated ("Restated 1Q2018 CFS"). Set out below are the variances between the Restated 1Q2018 CFS and the previously announced 1Q2018 CFS ("Original 1Q2018 CFS"), in the Consolidated Income Statement and Statement of Comprehensive Income, Consolidated Statement of Cash Flows and Statement of Changes in Equity.

Consolidated Income Statement and Statement of Comprehensive Income

	Group		
	Original	Restated	Variance arising
	1Q2018	1Q2018	from the
	\$	\$	Adoption of
			Merger
			Accounting
			\$
Revenue	4,137,480	6,683,120	2,545,640
Other income	2,552,965	32,939	(2,520,026)
Raw materials and consumables used	(1,320,281)	(2,289,028)	(968,747)
Changes in inventories	(6,095)	4,492	10,587
Employee benefits expense	(1,376,496)	(1,976,110)	(599,614)
Operating lease expense	(468,448)	(720,990)	(252,542)
Depreciation and amortisation expense	(49,485)	(159,719)	(110,234)
Other operating expenses	(529,368)	(793,142)	(263,774)
IPO expense	(1,120,396)	(1,120,396)	-
Finance costs	(9,857)	(17,232)	(7,375)
Profit (Loss) before income tax	1,810,019	(356,066)	(2,166,085)
Income tax expense	(365,544)	(58,661)	306,883
Profit (Loss) for the period	1,444,475	(414,727)	(1,859,202)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(314)	(522)	(208)
Total comprehensive profit (loss) for the period	1,444,161	(415,249)	(1,859,410)
Profit (Loss) attributable to:			
Owners of the Company	1,442,836	(416,366)	(1,859,202)
Non-controlling interests	1,639	1,639	-
	1,444,475	(414,727)	(1,859,202)
Total comprehensive profit (loss) attributable to:			
Owners of the Company	1,442,522	(416,888)	(1,859,410)
Non-controlling interests	1,639	1,639	-
	1,444,161	(415,249)	(1,859,410)

Consolidated Statement of Cash Flows

	Group			Variance arising from	
	Original 1Q2018 \$	Restated 1Q2018 \$	Variance \$	Adoption of Merger Accounting Principles \$	Finalisation of entries in relation to the Restructuring Exercise
Operating activities					
Profit (Loss) before income tax	1,810,019	(356,066)	(2,166,085)	(2,166,085)	-
Adjustments for:					
Depreciation expense	49,485	159,719	110,234	110,234	-
Amortisation of upfront sponsorship	259,979	259,979	-	-	-
Amortisation of provision for reinstatement	2,123	-	(2,123)	(2,123)	-
Provision for promotional support	55,974	55,974	-	-	-
IPO expense	1,120,396	1,121,167	771	771	-
Foreign exchange	-	(522)	(522)	(522)	-
Interest expense	9,857	17,232	7,375	7,375	-
Operating cash flows before movements in working capital	3,307,833	1,257,483	(2,050,350)	(2,050,350)	-
Trade receivables	(663,577)	(663,577)	-	-	-
Other receivables	(107,595)	(271,671)	(164,076)	(164,076)	-
Inventories	(17,075)	(17,075)	-	-	-
Other assets	2,574	-	(2,574)	(2,574)	-
Trade payables	731,436	731,436	-	-	-
Other payables	(398,328)	(398,593)	(265)	(265)	-
Cash generated from operations	2,855,268	638,003	(2,217,265)	(2,217,265)	-
Income tax paid	-	-	-	-	-
Net cash from operating activities	2,855,268	638,003	(2,217,265)	(2,217,265)	-
Investing activities					
Purchase of plant and equipment	(27,679)	(378,027)	(350,348)	(350,348)	-
Amount due from holding company	-	1,114,326	1,114,326	2,730,075	(1,615,749)
Net cash (used in) from investing activities	(27,679)	736,299	763,978	2,379,727	(1,615,749)
Financing activities					
Amount due to holding company	154,316	-	(154,316)	(154,316)	-
Repayment of finance leases	(110,135)	(110,135)	-	-	-
Proceeds from short-term loans	687,842	687,842	-	-	-
Proceeds from shares issuance of shares	23,850,000	23,850,000	-	-	-
IPO expenses paid	(1,529,537)	(1,530,308)	(771)	(771)	-
Interest paid	(9,857)	(17,232)	(7,375)	(7,375)	-
Net cash from financing activities	23,042,629	22,880,167	(162,462)	(162,462)	-
Net increase in cash and cash equivalents	25,870,218	24,254,469	(1,615,749)	-	(1,615,749)
Cash and cash equivalents at beginning of period	293,434	293,434	-	-	-
Cash and cash equivalents at end of period	26,163,652	24,547,903	(1,615,749)	-	(1,615,749)

Statement of Changes in Equity

	GROUP - Original 1Q2018					
	Share capital	Capital reserve	Accumulated profits (losses)	Translation reserve	Equity attributable to owners of the Company	Non-controlling interest
	\$		\$	\$	\$	\$
Balance at 1 October 2017	2	-	16,855,532	208	16,855,742	(178,237)
Total comprehensive profit for the period						
Profit for the period	-	-	1,442,836	-	1,442,836	1,639
Other comprehensive loss	-			(314)	(314)	-
	-	-	1,442,836	(314)	1,442,522	1,639
Transactions with owners, recognised directly in equity						
Issue of shares	26,165,231	-	(16,855,532)	(208)	9,309,491	(225,043)
Share issue expenses	(984,228)	-	-	-	(984,228)	-
	25,181,003	-	(16,855,532)	(208)	8,325,263	(225,043)
Balance at 31 December 2017	25,181,005	-	1,442,836	(314)	26,623,527	(401,641)

	GROUP - Restated 1Q2018					
	Share capital	Capital reserve	Accumulated profits (losses)	Translation reserve	Equity attributable to owners of the Company	Non-controlling interest
	\$		\$	\$	\$	\$
Balance at 1 October 2017	2	-	16,855,532	208	16,855,742	(178,237)
Total comprehensive loss for the period						
Loss for the period	-	-	(416,366)	-	(416,366)	1,639
Other comprehensive loss	-			(522)	(522)	-
	-	-	(416,366)	(522)	(416,888)	1,639
Transactions with owners, recognised directly in equity						
Issue of shares	26,165,231	-	-	-	26,165,231	-
Share issue expenses	(984,228)	-	-	-	(984,228)	-
Movement in reserve resulting from Restructuring Exercise	-	-	(14,325,796)	-	(14,325,796)	(2,166)
	25,181,003	-	(14,325,796)	-	10,855,207	(2,166)
Balance at 31 December 2017	25,181,005	-	2,113,370	(314)	27,294,061	(178,764)

	GROUP - Variance arising from the adoption of Merger Accounting Principles					
	Share capital	Capital reserve	Accumulated (losses) profits	Translation reserve	Equity attributable to owners of the Company	Non-controlling interest
	\$		\$	\$	\$	\$
Balance at 1 October 2017	-	-	-	-	-	-
Total comprehensive loss for the period						
Loss for the period	-	-	(1,859,202)	-	(1,859,202)	-
Other comprehensive loss	-	-	-	(208)	(208)	-
	-	-	(1,859,202)	(208)	(1,859,410)	-
Transactions with owners, recognised directly in equity						
Issue of shares	-	-	16,855,532	208	16,855,740	225,043
Movement in reserve resulting from Restructuring Exercise	-	-	(14,325,796)	-	(14,325,796)	(2,166)
	-	-	2,529,736	208	2,529,944	222,877
Balance at 31 December 2017	-	-	670,534	-	670,534	222,877

	COMPANY - Original 1Q2018			
	Share capital	Capital reserve	Accumulated profits	Total
	\$	\$	\$	\$
Issue of shares at date of incorporation on 1 June 2017 and balance as at 30 September 2017	2	-	-	2
Profit for the period, representing total comprehensive profit	-	-	1,441,490	1,441,490
Transactions with owners, recognised directly in equity				
Issue of shares	26,165,231	-	-	26,165,231
Share issue expenses	(984,228)	-	-	(984,228)
	25,181,003	-	-	25,181,003
Balance at 31 December 2017	25,181,005	-	1,441,490	26,622,495

	COMPANY - Restated 1Q2018			
	Share capital	Capital reserve	Accumulated losses	Total
	\$	\$	\$	\$
Issue of shares at date of incorporation on 1 June 2017 and balance as at 30 September 2017	2	-	-	2
Loss for the period, representing total comprehensive loss	-	-	(1,088,951)	(1,088,951)
Transactions with owners, recognised directly in equity				
Issue of shares	26,165,231	-	-	26,165,231
Share issue expenses	(984,228)	-	-	(984,228)
Deemed contribution from holding company	-	2,063,751	-	2,063,751
	25,181,003	2,063,751	-	27,244,754
Balance at 31 December 2017	25,181,005	2,063,751	(1,088,951)	26,155,805

	COMPANY - Variance arising from the adoption of Merger Accounting Principles			
	Share capital	Capital reserve	Accumulated profits (losses)	Total
	\$	\$	\$	\$
Loss for the period, representing total comprehensive loss	-	-	(2,530,441)	(2,530,441)
Transactions with owners, recognised directly in equity				
Deemed contribution from holding company	-	2,063,751	-	2,063,751
	-	2,063,751	-	2,063,751
Balance at 31 December 2017	-	2,063,751	(2,530,441)	(466,690)

Resulted variances due to the finalisation of the accounting entries in relation to the Restructuring Exercise and the adoption of principles of Merger Accounting and

Following the Completion of the Restructuring Exercise, the Group has finalised the accounting entries in relation to the Restructuring Exercise. The Group resulting from the Restructuring Exercise, is one involving entities under common control. Accordingly, the consolidated financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the relevant periods in which the common control combination occurs are included in the consolidated financial statements of the Group as if the Restructuring Exercise had occurred from the date when the merged entities first came under the control of the group of shareholders acting in concert.

As explained in the FY2018 Results Announcement under Section 5:

“In the First, Second and Third Quarters Financial Statements and Dividend Announcements, the consolidated financial statements were prepared based on the actual Group that was formed subsequent to the Restructuring Exercise, and hence the Interim Period profits were recognised as other income.”

However, following a reassessment of the Group’s accounting principles, it was concluded that the continuation of the use of the principles of merger accounting adopted in FY2017 would be more appropriate.”

Accordingly, the Financial Statements in the FY 2018 Results Announcement and Audited FS have been accounted for using the principles of merger accounting.

Hence the 1Q2018 CFS have also been restated accordingly.

Adoption of new Accounting Standards

In addition, the Board would like to clarify that the material variances between the Restated 1Q2018 and Original 1Q2018 have not been caused by the adoption of the new Singapore Financial Reporting Standards (International) (“SFRS(I)”) that is mandatory for application for the annual periods beginning on or after 1 January 2018. As explained in the 1Q2019 Results Announcement under Section 5: *“The Group has assessed that the adoption of the new financial reporting framework, new SFRS(I)s, amendments and interpretation of SFRS(I) to have no material impact on the financial performance and financial position of the Group in the year of initial application.”*

SGX Query 2:

Did the Company seek the opinion of their auditors for the restatement?

Company’s response to SGX Query 2:

The 1Q2019 Results Announcement figures have not been audited nor reviewed by the External Auditors of the Company.

SGX Query 3:

In relation to the Restructuring Exercise, it was explained that even though the Restructuring Exercise was completed on 31 October 2017, the *“..... economic interest in the restaurant business was effectively transferred on 1 July 2017, hence all profits and receipts, and all losses and outgoing, accruals or payables in relation to the restaurant business from 1 July 2017 to 30 October 2017 (“Interim Period”) were attributed to the Company.”*

- a. Please provide further explanation on what the “economic interest” refers to.
- b. Please clarify on why the Company take into account the financials of the restaurant business from 1 July 2017 to 30 October 2017 when the transfer of legal interest in the restaurant business and its subsidiaries to the Company only occurred on 31 October 2017? In your response, please provide the bases and whether the Company had sought the auditor’s opinion in doing so.

Company’s response to SGX Query 3:

- a. *“Economic interest”* means a party’s right to the net profits derived from the Restaurant Business. Pursuant to the Restructuring Agreement, the Economic Interest of the Restaurant Business was transferred to the Company with effect from 1 July 2017, notwithstanding that legal completion of the transfer occurred on 31 October 2017. This was because the consideration paid by the Company for the Restaurant Business was determined based on the net asset value of the Restaurant Business as at 30 June 2017, hence it was agreed that the risks and rewards associated with the economic performance of the Restaurant Business with effect from 1 July 2017 would be for the account of the Company. This was discussed during the IPO meetings and agreed by sponsors, lawyers, the reporting accountants and directors.
- b. The reason that the Company has taken the net profit of the Restaurant Business from 1 July 2017 to 30 October 2017 in the 1Q2018, 2Q2018 and 3Q2018 Results Announcement as Interim Period Profits under Other Income is due to the provision in Clause 2.6 of the Restructuring Agreement as mentioned above, that all profits and receipts accrued in relation to the Restaurant Business during this period belong to the Company.

SGX Query 4:

It was stated in the explanation in the FY2018 Results Announcement under section 5 that *“In the First, Second and Third Quarters Financial Statements and Dividend Announcements, the consolidated financial statements were prepared based on the actual Group that was formed subsequent to the Restructuring Exercise, and hence the Interim Period profits were recognised as other income. However, following a reassessment of the Group’s accounting principles, it was concluded that the continuation of the use of the principles of merger accounting adopted in FY2017 would be more appropriate.”*

- a. Why did the Company prepare the financial statements for Q1, Q2 and Q3 of FY2018 based on actual? Why did the Company decide to revert back to merger accounting for its FY18 full year results?
- b. Please provide further explanation and reasons arriving at the conclusion that the continuation of the use of merger accounting adopted in FY2017 would be more appropriate and why the Company decided to proceed with the principles of merger accounting in the FY 2018 and audited FS.
- c. Please provide how the items were accounted for when the Company did not use principles of merger accounting.

Company's response to SGX Query 4:

- a. In accordance with the Restructuring Agreement, whereby the legal ownership of both the Restaurant and Beer Businesses were only transferred to the Company on the Completion Date of the Restructuring Exercise on 31 October 2017, the Management prepared the financial statements based on Actual Group for its 1Q2018, 2Q2018 and 3Q2018 Results Announcement on the basis that the Company obtained legal ownership and control over the subsidiaries on 31 October 2017, being the Completion Date of the Restructuring Exercise. However, during the year-end audit, following the reassessment of the Group's accounting principles, the Company concluded that it would be more appropriate to continue with the adoption of the merger accounting principles.
- b. The continual use of merger accounting principles is more appropriate to better reflect the Group's financial performance for better comparability between the current year's financial statements (if the actual group accounting method is used) and the prior year's financial statements (in which merger accounting principles was used).
- c. If the Company did not use the principles of merger accounting, the treatment would be as follows:
 - The net profits of the Restaurant Business between 1 July 2017 to 31 October 2017 ("Interim Period Profits"), of approximately \$2 million would have been recorded under Other Income;
 - The rest of the profit and loss statement items, with the exception of the Interim Period Profits, would only comprise of the financial statements of the Restaurant and Beer Businesses from November 2017 to September 2018, following the completion of the Restructuring Exercise on 31 October 2017;
 - Effectively, the profit and loss would include the net profit and loss of 15 months (from 1 July 2017 to 30 September 2018) for the Restaurant Business and 11 months (from 1 November 2017 to 30 September 2018) for the Beer Business, as opposed to showing 12 months profit and loss for both the Restaurant and Beer Businesses under the merger accounting principles.

SGX Query 5:

Please confirm whether the restatement is a one-off impact on Q12018 results only or throughout the subsequent quarters. If restatement is expected for Q2, Q3 and Q4 of FY2018, please provide details of expected restatement and reasons.

Company's response to SGX Query 5:

The effect of the restatement is upon the completion of the Restructuring Exercise on 31 October 2017, hence it only affected the First Quarter Results Announcement. While the restatement does not affect the second, third and fourth quarter results (i.e. the profit and loss statements), the accumulated year-to-date results for the half-year, nine-months and full-year profit and loss statements will be affected by the restatement made in the first quarter results.

SGX Query 6:

Please provide confirmation from the auditors on whether arising from the restatement and adoption of merger accounting, whether there was any material impact on full year FY2018 results.

Company's response to SGX Query 6:

While we have requested for the confirmation from the External Auditors, the External Auditors cannot provide assurance that there was any material impact as the quarterly announcements are neither audited nor reviewed by the auditors.

SGX Query 7:

Please provide confirmation from the auditors that the financial statements for Q1 to Q4 of FY2018 were not in breach of any accounting standards or principles, and that the previously announced financial statements are not materially misstated.

Company's response to SGX Query 7:

While we have requested for the confirmation from the External Auditors, the External Auditors cannot provide assurance that there was any material impact as the quarterly announcements are neither audited nor reviewed by the auditors.