



Chaswood Resources Holdings Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200401894D)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

This quarterly results announcement is mandatory and made pursuant to the SGX – ST's requirements, as required under Rule 705 (2C) of the Catalist Rules



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SIX MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2022

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SIX MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2022

PART I - UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed interim consolidated statement of comprehensive income

THE GROUP		3 MONTHS ENDED 30 JUNE			6 MONTHS ENDED 30 JUNE		
		2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
		RM'000	RM'000	%	RM'000	RM'000	%
Revenue	Note 3	858	349	145.8%	1,492	765	95.0%
Cost of sales		(314)	(128)	145.3%	(550)	(270)	103.7%
Gross profit		544	221	146.2%	942	495	90.3%
<u>Other Items of Income</u>							
Other credits		-	1,151	-100.0%	-	1,151	-100.0%
<u>Other Items of Expense</u>							
Marketing and distribution costs		(16)	(9)	77.8%	(33)	(18)	83.3%
Administrative expenses		(574)	(491)	16.9%	(765)	(943)	-18.9%
Finance costs		(16)	(17)	-5.9%	(32)	(34)	-5.9%
Other expenses		(113)	(84)	34.5%	(204)	(168)	21.4%
(Loss)/ profit before taxation	4	(175)	771	-122.7%	(92)	483	-119.0%
Income tax expense	5	-	(114)	-100.0%	-	(114)	-100.0%
(Loss)/ profit after taxation		(175)	657	-126.6%	(92)	369	-124.9%
Other comprehensive (loss)/ profit net of tax:-							
Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations							
- Loss on translation of foreign operations		(1,139)	(183)	N.M	(1,544)	(764)	N.M
Total comprehensive (loss)/ profit		(1,314)	474	-377.2%	(1,636)	(395)	314.2%
(Loss)/ profit attributable to owners of the company, net of tax		(175)	657	-126.6%	(92)	369	-124.9%
(Loss)/ profit attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
(Loss)/ profit after tax		(175)	657	-126.6%	(92)	369	-124.9%
Total comprehensive (loss)/ profit attributable to owners of the company, net of tax		(1,314)	474	-377.2%	(1,636)	(395)	314.2%
Total comprehensive (loss)/ profit attributable to non-controlling interests, net of tax		-	-	N.M	-	-	N.M
Total comprehensive (loss)/ profit		(1,314)	474	-377.2%	(1,636)	(395)	314.2%

N.M: Not Meaningful



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Condensed interim statements of financial position

		The Group		The Company	
		30 June 2022 RM'000	31 December 2021 RM'000	30 June 2022 RM'000	31 December 2021 RM'000
	Note				
ASSETS					
Non-Current Assets					
Property and Equipment	9	2,831	2,418	-	-
Investment in Subsidiaries	10	-	-	125	125
Total Non-Current Assets		2,831	2,418	125	125
Current Assets					
Inventories		65	39	-	-
Trade and Other Receivables	11	24	32	1	1
Other Assets	12	248	205	-	-
Cash and Cash Equivalents		207	552	-	-
Total Current Assets		544	828	1	1
Total Assets		3,375	3,246	126	126
EQUITY AND LIABILITIES					
Equity					
Share Capital	6	24,464	24,464	162,132	162,132
Other Reserves		27,778	29,322	26,793	28,337
Accumulated Losses		(115,800)	(115,708)	(252,184)	(252,405)
Total Equity Attributable to Owners of the Parent		(63,558)	(61,922)	(63,259)	(61,936)
Non-Controlling Interest		(433)	(433)	-	-
Total Equity		(63,991)	(62,355)	(63,259)	(61,936)
Non-Current Liabilities					
Deferred Tax Liabilities		135	135	-	-
Lease liabilities	8	650	609	-	-
Total Non-Current Liabilities		785	744	-	-
Current Liabilities					
Provision for Taxation		388	430	-	42
Trade and Other Payables	7	65,948	64,211	63,385	62,020
Lease liabilities	8	245	216	-	-
Total Current Liabilities		66,581	64,857	63,385	62,062
Total Liabilities		67,366	65,601	63,385	62,062
Total Equity and Liabilities		3,375	3,246	126	126



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Condensed interim consolidated statement of cash flows

		6 months ended 30 June	
		2022	2021
	Note	RM'000	RM'000
Cash flows from operating activities			
(Loss)/profit before tax		(92)	483
Adjustment for:			
Depreciation of property and equipment	4	204	168
Interest expense on lease liabilities		32	34
Operating profit before working capital changes		144	685
Inventories		(26)	(6)
Trade and other receivables		8	10
Other assets		(43)	(42)
Trade and other payables		193	309
Net cash flows from operations		276	956
Tax Paid		(42)	(163)
Net cash generated from operating activities		234	793
Cash flows used in investing activity			
Additions of property and equipment		(432)	-
Net cash used in investing activity		(432)	-
Cash flows used in financing activities			
Principal payment of lease liabilities		(115)	(98)
Interest paid on lease liabilities		(32)	(34)
Net cash flows used in financing activities		(147)	(132)
Net (decrease)/ increase in cash and cash equivalents		(345)	661
Foreign exchange differences		-	(1)
Cash and cash equivalents at the beginning of the financial year		552	1,058
Cash and cash equivalents at the end of the financial period		207	1,718
<u>Cash and cash equivalents:-</u>			
Not restricted in use		207	1,718
Restricted in use		-	-
		207	1,718



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Condensed interim statements of changes in equity

The Group

	Share Capital RM'000	Attributable to owners of the Company Other (Accumulated Reserve Losses) RM'000		Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance as at 1 January 2022	24,464	29,322	(115,708)	(61,922)	(433)	(62,355)
Total comprehensive loss for the period						
Loss after tax	-	-	(92)	(92)	-	(92)
Effects of translation of net assets of foreign operations	-	(1,544)	-	(1,544)	-	(1,544)
Total comprehensive loss for the period	-	(1,544)	(92)	(1,636)	-	(1,636)
Balance as at 30 June 2022 (Unaudited)	24,464	27,778	(115,800)	(63,558)	(433)	(63,991)
Balance as at 1 January 2021	24,464	30,073	(115,570)	(61,033)	(433)	(61,466)
Total comprehensive income/ (loss) for the period						
Profit after tax	-	-	369	369	-	369
Effects of translation of net assets of foreign operations	-	(764)	-	(764)	-	(764)
Total comprehensive loss for the period	-	(764)	369	(395)	-	(395)
Balance as at 30 June 2021 (Unaudited)	24,464	29,309	(115,201)	(61,428)	(433)	(61,861)

The Company

The Company

	Note	Share Capital RM'000	Other (Accumulated Reserve Losses) RM'000	Total Equity RM'000	
Balance as at 1 January 2022	6	162,132	28,337	(252,405)	(61,936)
Total comprehensive income/ (loss) for the period					
Profit after tax		-	-	221	221
Effects of translation of net assets of foreign operations		-	(1,544)	-	(1,544)
Total comprehensive loss for the period		-	(1,544)	221	(1,323)
Balance as at 30 June 2022 (Unaudited)		162,132	26,793	(252,184)	(63,259)
Balance as at 1 January 2021	6	162,132	29,114	(252,340)	(61,094)
Total comprehensive loss for the period					
Loss after tax		-	-	(429)	(429)
Effects of translation of net assets of foreign operations		-	(778)	-	(778)
Total comprehensive loss for the period		-	(778)	(429)	(1,207)
Balance as at 30 June 2021 (Unaudited)		162,132	28,336	(252,769)	(62,301)



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Notes to the condensed interim consolidated financial statements

1. Corporate Information

Chaswood Resources Holdings Ltd. (the “Company”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is incorporated in Singapore with limited liability. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The financial statements are presented in Ringgit Malaysia (“RM”). The registered office is at 80 Robinson Road, #02-00, Singapore 068898.

The principal business of the Company is that of an investment holding company. The Group operates the casual dining business serving food and beverages.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared on a going concern basis and in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The condensed interim financial statements are presented in Malaysian Ringgit which is the Group’s functional currency.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1, which have no significant impact on the Group.

The ability of the Group and the Company to continue as a going concern is dependent on the successful outcome of the matters set out in paragraph 5 of the other information required by Appendix 7C of the Catalist Rules - Working Capital (Liquidity and going concern assumptions) together with the future profitability of the operations of the Group.

If the Group and Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the ordinary course of business and at amounts which could differ significantly from the amounts at which they are currently stated in the consolidated statement of financial position of the Group and the statement of financial position of the Company. No such adjustments have been made to these financial statements.

2.1 New and amended standards adopted by the Group

The Group has adopted various new and revised SFRS(I)s that are relevant to its operations and effective for the period beginning 1 January 2022. The adoption of these new standards and amendments does not have any material impact on the condensed financial statements of the Group.



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2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

There are no significant judgements made in applying the Group's accounting policies which would have a significant effect on the amounts recognised in the financial statements. Judgments and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Revenue

Business segment

As the Group operates principally in a single segment business which is in the casual dining business serving food and beverages, no business segment reporting is presented.

Geographical segment

The geographical segment is presented as follows:

	Segment revenue		Segment (loss)/ profit		Depreciation of property and equipment		Development fee income	
	3 months ended 30 June		3 months ended 30 June		3 months ended 30 June		3 months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operations								
Malaysia	858	349	(183)	642	(113)	(84)	-	1,000
Singapore	-	-	8	15	-	-	-	-
Thailand	-	-	-	-	-	-	-	-
Total	858	349	(175)	657	(113)	(84)	-	1,000

Timing of revenue recognition
- at a point in time

	858	349
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	Segment revenue		Segment (loss)/ profit		Depreciation of property and equipment		Development fee income	
	6 months ended 30 June		6 months ended 30 June		6 months ended 30 June		6 months ended 30 June	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Operations								
Malaysia	1,492	765	(312)	348	(204)	(168)	-	1,000
Singapore	-	-	220	22	-	-	-	-
Thailand	-	-	-	(1)	-	-	-	-
Total	1,492	765	(92)	369	(204)	(168)	-	1,000

Timing of revenue recognition
- at a point in time

	1,492	765
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	30 June 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Segment assets		
Malaysia	3,374	3,245
Singapore	1	1
Total	3,375	3,246
Segment liabilities		
Malaysia	2,522	2,252
Singapore	64,484	62,989
Thailand	351	351
China	9	9
Total	67,366	65,601

4. (Loss)/ profit before tax

4.1 Following significant items were credited/(charged) to arrive at the (Loss)/ profit before tax

THE GROUP	3 MONTHS ENDED 30 JUNE			6 MONTHS ENDED 30 JUNE		
	2022	2021	Increase/ (Decrease)	2022	2021	Increase/ (Decrease)
	RM'000	RM'000	%	RM'000	RM'000	%
Development fee income	-	1,000	-100.0%	-	1,000	-100.0%
Bad debt recovered	-	132	-100.0%	-	132	-100.0%
Rental rebate received	-	19	-100.0%	-	19	-100.0%
Depreciation of property and equipment	(113)	(84)	34.5%	(204)	(168)	21.4%

4.2 Related party transactions

There were no material related party transactions during the financial period.

5. Income tax expense

The Group calculates the period's income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	3 MONTHS ENDED 30 JUNE		6 MONTHS ENDED 30 JUNE	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current income tax expense	-	(69)	-	(69)
Deferred income tax expense relating to origination and reversal of temporary difference	-	(45)	-	(45)
	-	(114)	-	(114)



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6. Share Capital

The issued and paid-up share capital of the Company are as follow:

Issued and paid up share capital	Number of shares	Issued and paid up share capital (RM)
Share capital as at 30 June 2022 and 2021	<u>250,605,231</u>	<u>162,131,973</u>

There are no outstanding convertibles as at 30 June 2022 and 30 June 2021.

	As at 30 June 2022	As at 31 December 2021
Total number of issued shares excluding treasury shares	<u>250,605,231</u>	<u>250,605,231</u>

The Company has no treasury shares and subsidiary holdings as at 30 June 2022, 31 December 2021, and 30 June 2021.

7. Trade and other payables

	THE GROUP	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Trade payables	232	225
Other payables and accruals	16,295	15,769
Corporate guarantee granted by the Company as security for the disposed subsidiaries' banking facilities, exchangeable bonds and loans from certain creditors	49,421	48,217
Total	<u>65,948</u>	<u>64,211</u>

The increase in other payables and accruals was mainly due the outstanding debt relating to new outlet's contractors.

The increase in corporate guarantee provision of approximately RM1.2 million was mainly due to the foreign exchange translation.

As at 30 June 2022, other payables, accruals and corporate guarantees amounting to approximately RM63.4 million are subject to the proposed scheme of arrangement with creditors ("SOA") undertaken by the Company. Further information on the Singapore SOA is detailed in the paragraph on working capital below. Refer to Paragraph 5 of the other information required by Appendix 7C of the Catalist Rules -- Review of Financial Position (Current liabilities).



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8. Lease liabilities

Amount repayable in one year or less, or on demand

	30 June 2022		31 December 2021	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	245	-	216
	-	245	-	216

Amount repayable after one year

	30 June 2022		31 December 2021	
	RM'000 (Secured)	RM'000 (Unsecured)	RM'000 (Secured)	RM'000 (Unsecured)
Lease liability	-	650	-	609
	-	650	-	609

Details of any collateral

Lease liabilities relate to the lease contracts of the Group's restaurants which are contracted for a period of more than 12 months and which arose pursuant to the adoption of SFRS (I) 16 (Leases).

There are no collaterals for the unsecured lease liabilities.

9. Property and equipment

During the 6 months ended 30 June 2022, the Group incurred additional renovation and equipment costs relating to the new Italiannies @ I-City Shopping Mall of approximately RM0.6 million (30 June 2021 : RM Nil).

There was no property and equipment disposal during 1H2022 and 1H2021.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of the leases are disclosed in Note 8.

The Company has reviewed the recoverable amount of property and equipment which was estimated on the basis of value-in-use. Property and equipment is allocated to cash-generating units for the purpose of impairment testing. Based on the review and assumptions used, there is no indication of impairment on the property and equipment.

10. Investment in subsidiaries

	The Company	
	As at 30 June 2022	As at 31 December 2021
	RM'000	RM'000
Unquoted equity shares at cost	1,079	1,079
Allowance for impairment	(954)	(954)
Unquoted equity shares net of impairment	125	125



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11. Trade and other receivables

	THE GROUP	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Outside parties		
Trade receivables	17	10
Other receivables	7	22
	<u>24</u>	<u>32</u>

12. Other assets

	THE GROUP	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
Rental deposits	<u>248</u>	<u>205</u>

13. Financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial period/ year:

	THE GROUP		THE COMPANY	
	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000	As at 30 June 2022 RM'000	As at 31 December 2021 RM'000
<u>Financial assets:</u>				
Cash and cash equivalents	207	552	-	-
Trade and other receivables	24	32	1	1
Other assets	248	205	-	-
	<u>479</u>	<u>789</u>	<u>1</u>	<u>1</u>
<u>Financial liabilities:</u>				
Trade and other payables	65,948	64,211	63,385	62,020
Lease liabilities	895	825	-	-
	<u>66,843</u>	<u>65,036</u>	<u>63,385</u>	<u>62,020</u>

14. Seasonal operations

The Group's businesses and consumers are not seasonal in nature. The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

15. Subsequent events

There are no subsequent events which have led to adjustments to this set of interim financial statements.



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Other information as required by the Appendix 7C of the Catalist Rules

1. **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.

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

Not applicable.

- 2A. **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

Not applicable.

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

Not applicable.

3. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.**

	THE GROUP	
	6 MONTHS ENDED 30 JUNE	
	2022	2021
Net (loss)/ profit attributable to shareholders of the Company (RM'000)	(92)	369
(a) Basic (loss)/ earnings per share (RM sen)	(0.04)	0.1
(b) Diluted earnings/ (loss) per share (RM sen)	N.A	N.A
Weighted average number of ordinary shares in issue ('000)	250,605	250,605

* No diluted loss per share as the Group did not have any convertible financial instruments.

4. **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.



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	The Group		The Company	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Net asset value per ordinary share (RM sen)	(25.3)	(24.7)	(25.2)	(24.7)

Net asset value per ordinary share of the Group and the Company was calculated based on 250,605,231 shares (2021: 250,605,231 shares) in issue at the end of the financial period/ year.

5. 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 Financial Performance

Revenue

Total revenue increased by approximately RM0.51 million (approximately 145.8%) and RM0.73 million (approximately 95.0%) in 2Q2022 and 1H2022 respectively as compared to the corresponding periods in 1H2021. The increase was mainly contributed by the new Italiannies @ I-City Shopping Mall which commenced operation in the middle of February 2022.

Same-store revenue increased by 48.8% and 31.5% in 2Q2022 and 1H2022 respectively as compared to the corresponding periods in 2021. Higher same-store revenue was mainly due to the easing of the Covid-19 operational restrictions imposed by the Malaysian government as compared to the corresponding periods in 2021 where the operations were significantly limited to take-away and delivery services only.

Gross profit and gross profit margin

In 2Q2022, gross profit increased by approximately RM0.32 million, or approximately 146.2% from approximately RM0.22 million to approximately RM0.54 million as compared to the corresponding period in 2021. The gross profit increase was in line with the increase in revenue.

In 1H2022, gross profit increased by approximately RM0.44 million, or approximately 90.3% from approximately RM0.50 million to approximately RM0.94 million as compared to the corresponding period in 2021. The gross profit increase was in line with the increase in revenue.

In 2Q2022, the Group recorded the gross profit margin of 63.3% which was on par with that of the corresponding period in 2021.

In 1H2022, gross profit margin of 63.1% was lower than last year's 64.7% as profit margin was affected by the price increases of various raw food materials. The inflationary pressure of raw food materials was resulted from the increase in domestic demand after the reopening of all economic activities and also due to the weak Malaysian currency and increase in import and transportation costs triggered by the Ukraine – Russia conflict. Nevertheless, the Group has implemented various strategies in an effort to protect its margins. This includes constant review of its selling prices, supplier price comparisons, alternative raw material sourcing and menu engineering exercises.



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Marketing and distribution costs

Marketing and distribution costs were marginally higher in 2Q2022 and 1H2022 as compared to the corresponding periods in 2021 due to the expenses incurred for the new Italiannies outlet @ I-City Shopping Mall which commenced operation in mid-February 2022.

Other credits

There was no other credit in the current period. Other credits in last year's 2Q2021 and 1H2021 of RM1.15 million consist of development fee income in relation to Italiannies development rights of RM1.0 million, rental rebate from landlord and bad debt recovered of approximately RM0.15 million.

Administrative expenses

In 2Q2022, administrative expenses increased by approximately RM0.08 million as compared to the corresponding period in 2021 due to the additional expenses incurred for the new Italiannies outlet @ I-City Shopping Mall which commenced operation in mid-February 2022.

In 1H2022, administrative expenses decreased by approximately RM0.18 million, or approximately 18.9%, from approximately RM0.94 million to approximately RM0.76 million as compared to the corresponding period in 2021. This was mainly due to the 1H2022 reversal of past year's over-accrued restructuring expenses of approximately RM0.20 million.

Finance cost

Finance cost consists of interest expense on lease liabilities in line with the SFRS (I) 16 (Leases) adoption.

Other expenses

Other expenses consist of depreciation charges. Higher depreciation charge of RM0.03 million was mainly attributable to the additional depreciation charge of the new Italiannies outlet @ I-City Shopping Mall.

(Loss)/ profit after tax from operations

In 2Q2022, the Group recorded a loss after tax of approximately RM0.18 million compared to profit after tax of approximately RM0.66 million in the corresponding period in 2021. Lower profit after tax in 2Q2022 of approximately RM0.8 million was mainly attributable to the development fee income of RM1.0 million which was received in last year's 2Q2021. Pursuant to the easing of Covid-19 restrictions in 2Q2022, the Group's revenue increase in its existing and new outlet have contributed positively to the 2Q2022 operating profits by approximately RM0.15 million as compared to last year's 2Q2021.

In 1H2022, the Group recorded a loss after tax of approximately RM0.09 million compared to profit after tax of approximately RM0.37 million in the corresponding period in 2021. Lower profit after tax in 1H2022 of approximately RM0.46 million was mainly attributable to the development fee income of RM1.0 million which was received in last year's 1H2021; offsetted by the reversal of past year's over-accrued restructuring expenses of approximately RM0.20 million, higher operating profit contribution of approximately RM0.16 million as a result of higher revenue from its existing and new outlets and lower other administrative expenses of approximately RM0.22 million in 1H2022.

Review of Financial Position

Non-current assets



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The increase in property and equipment of approximately RM0.4 million, from approximately RM2.4 million as at 31 December 2021 to approximately RM2.8 million as at 30 June 2022 was mainly due to the property and equipment additions of approximately RM0.6 million relating to the new Italiannies outlet @ I-City Shopping Mall and offsetted by the depreciation charges of approximately RM0.2 million during the period.

Current assets

The decrease in total current assets of approximately RM0.3 million was mainly due to the utilization of the cash resources for the construction and opening of the new Italiannies outlet at I-City Shopping Mall.

Other assets relate to deposits placed with the lessors for the leases of the Group's outlets.

Current liabilities

Please refer to Note 7 of the condensed interim financial statements.

Non-current liabilities

The increase in total non-current liabilities was mainly due to the additional lease liability relating to the new Italiannies outlet. Please refer to Note 8 of the condensed interim financial statements.

Working capital

Liquidity and Going Concern Assumptions

The financial statements have been prepared on a going concern basis assuming that the Group will continue to operate as a going concern notwithstanding that: (i) the net current liabilities of RM66.0 million of the Group as at 30 June 2022; and (ii) negative equity position of approximately RM63.6 million as at 30 June 2022. These events and conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

The Board is of the opinion that the Group is able to continue to operate as a going concern after taking into consideration the following factors:

a) Issuance of redeemable convertible notes.

On 30 November 2019, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund 1 (collectively be known as the "Subscribers") for issuance of 1% equity-linked redeemable convertible notes due in 2022 with an aggregate principal amount of up to S\$50,000,000. On 1 March 2022, the Company and the Subscribers have entered into a supplemental agreement for the last date to satisfy the conditions precedent to be extended to 31 August 2022 or such other date as the Parties may agree in writing. The proceeds will be utilised for the funding of the Group's working capital and future expansions and investments.

The Proposed Notes Issue is subject to, inter alia, approval from the SGX-ST and the shareholders, and compliance with all rules, regulations and requirements imposed by the SGX-ST.

b) Proposed scheme of arrangement with creditors ("Proposed SOA").



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To address the remaining liabilities of the Company, a Proposed SOA was undertaken by the Company. During a creditors' meeting held on 30 April 2020, the proposed SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Court has on 26 June 2020 granted an order that the Proposed SOA be approved pursuant to sections 210 (3AA) and 210 (3AB) of the Companies Act (Cap. 50) ("**Act**") ("**Scheme Order**"). Pursuant to the Scheme Order, the Scheme is binding on the Company and its creditors.

Following a creditors' meeting held on 27 November 2020 and the Court order, the Scheme was amended with an extension of deadline to 30 June 2021 for the completion of the Scheme which includes amongst others, the issuance of the shares to the Scheme Creditors and the trading resumption of the Company's shares ("**Amended SOA**"). The Amended SOA was binding on the Company and its creditors.

In accordance with the Amended SOA, the Company would obtain the approval of the shareholders of the Company and SGX-ST for the listing and quotation of the new shares to be issued by the Company to the Scheme Creditors. The Proposed SOA would address the various debt obligations owed by the Company of approximately SG\$20.3 million to its creditors. Please refer to Note 7 of the condensed interim financial statements.

The Amended SOA has lapsed on 30 June 2021. With SGX-ST's approval received on 15 July 2022 that it had no objection to grant the Company a further extension of time until 31 January 2023 to submit the trade resumption proposal pursuant to Rule 1304(1) of the Catalist Rules, the Company will commence extension proceedings with the SOA creditors after the submission of the Reverse-Takeover (the "RTO") Pre-Clearance Letter to SGX-ST for the completion of the Amended SOA.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the aforesaid matters in compliance with the Catalist Rules of the SGX-ST.

c) Financial support from a substantial shareholder.

The Company has received the undertaking from a substantial shareholder, Posh Corridor Sdn Bhd who would, on a best endeavour basis, provide financial support to the Group as and when required until 31 December 2022 to enable the Group to continue as a going concern.

d) Trading resumption proposal.

The Company is currently contemplating on the viability of various acquisition targets including transactions that may result in a Reverse-Takeover (RTO) exercise. On 27 December 2021, the Company entered into a Sale and Purchase Agreement ("SPA") with a few vendors. The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover (the "RTO") of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and is subject to, inter alia, the approval of shareholders of the Company (the "Shareholders") at an extraordinary general meeting (the "EGM") to be convened and the approval of the SGX-ST.

The completion of the RTO exercise and Proposed SOA will facilitate the trade resumption proposal and thereafter provide better value to the stakeholders.

The Company has appointed its Full Sponsor and Financial Adviser in connection with the Proposed Acquisition, Independent Auditors to the Target Company and Reporting Accountants in



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respect of the Enlarged Group, Internal Auditors, legal advisers to the Company on Singapore Law and legal advisers to the Company on PRC Law. The potential candidates of the Independent Valuer are currently undergoing the suitability assessment procedure in connection with the Proposed Acquisition.

Review of Statement of Cash Flows

Cash flows generated from operating activities

Net cash generated from operating activities of approximately RM0.23 million mainly arose from the operating profit before working capital of RM0.18 million, increase in trade and other payables of RM0.19 million and offsetted by the increase in inventories and other asset of approximately RM0.07 million and tax payment of RM0.04 million.

Cash flows used in investing activities

Net cash used in investing activities of approximately RM0.43 million related to the construction and opening of new outlet.

Cash flows used in financing activities

Net cash used in financing activities of approximately RM0.15 million arose from the payment of the principal and interest of lease liabilities during the period.

Net cash and cash equivalents decreased by approximately RM0.35 million during the period.

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

Not applicable.

7. 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 2Q2022, the Group's Malaysian operations improved as economies reopened with the easing of Covid-19 restrictions. The new Covid-19 Omicron variant infection cases declined and seemed to have been successfully contained. Nevertheless, the Health Ministry remains cautious that more sub-variants may emerge and this may result in another wave new infections.

The Group's operations have improved partly due to the contribution from the newly opened Italiannies outlet @ I-City Shopping Mall in February 2022.

In the next 12 months, despite the Malaysian government's declaration of Covid-19 endemic phase from 1 April 2022 onwards and the lifting of various movement restrictions and mandates from 1 May 2022, Covid-19 may still pose a threat to businesses as Covid-19 mutations, if occur, can still cause fear of health and safety among consumers. This will affect the Group's business operations. The Group will continue to monitor the status of Covid-19 and its impact on consumer spending behaviour. Targeted strategies will be implemented to drive sales accordingly. Other cost control measures such as manpower planning and overhead cost control will continue to be enforced.

In addition to the public health concerns, the Group is aware of the macro inflationary risks that have started to affect Malaysians' spending power in 1H2022. Pursuant to the reopening of economies, prices of certain essential foods have increased as a result of shortage of supplies or the related food-chains in the market. The current Ukraine-Russian war conflict has triggered a global macro-economic crisis due to escalation of oil, energy and commodities prices, lower economic growth and domestic interest rates. The Group will monitor the impact on its operating profit margin and may take immediate action such as supplier negotiations, alternative product sourcing or menu engineering to cushion the impact of rising costs.



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There has not been material update on the new kiosk model expansion and various development agreements entered into by the Group. Pertaining to the targeted outlet openings which have lapsed due to the unfavourable market condition which was caused by the Covid-19 pandemic, the developers have engaged the Group for more time to fulfil their development agreements. In view of the current situation faced by the developers, the Group is considering the developers' request for more time to fulfil the development agreement. Further announcement will be made when there is material development.

The Group is currently undergoing a restructure exercise to restore the financial position of the Group with an aim to submit a resumption proposal to SGX-ST for the trading of the Company's shares to resume since the suspension on 18 June 2018. On 15 July 2022, pursuant to the Company's application for a further extension, the SGX-ST informed that it had no objection to grant a further extension until 31 January 2023. This will be the final extension granted to the Company and if it fails to submit the trading resumption proposal to SGX RegCo by 31 January 2023, the Company will undertake a voluntarily delisting from SGX-ST.

The trading resumption proposal includes the proposed acquisition of the entire issued and paid-up share capital of HK Aerospace Beidou New Energy Technology Co., Ltd., a company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China (HKSAR). After completion, it is expected to result in a reverse takeover (the "RTO") of the Company as defined under Chapter 10 of the Listing Manual Section B: Rules of Catalist (the "Catalist Rules") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The proposed acquisition is subject to, *inter alia*, the approval of shareholders of the Company (the "Shareholders") at an extraordinary general meeting (the "EGM") to be convened and the approval of the SGX-ST.

As the Proposed Transaction is not completed yet and still subject to fulfilment of conditions precedent laid out in the SPA, the financial effects of the above transaction have not been included in this interim financial statements for the period ended 30 June 2022. Further information on the RTO can be found in the latest update announcement dated 28 July 2022.

Details of the various parts of the restructuring exercise which includes *inter-alia* the following have been announced by the Company and are also detailed in paragraph 5 of this announcement.

Further announcements will be made by the Company and the Board via SGXNET as and when there are material developments on the aforesaid matters in compliance with the Catalist Rules of the SGX-ST.

8. Dividend

(a) Current Financial period Reported On

None

(b) Corresponding Period of the Immediately Preceding Financial period

None

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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



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No dividend has been declared/ recommended/ paid for the 6 months ended 30 June 2022 as it is important to retain its internally generated fund to sustain its Group operations.

10. Interested Person Transactions

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Group does not have any Interested Person Transactions during the financial period/year.

11. Negative confirmation on pursuant to Rule 705(5).

The Board of Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the half year ended 30 June 2022 to be false, misleading in any material aspect.

12. Confirmation of undertakings pursuant to Rule 720(1)

The Company has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7H under CR 720(1) of the Catalist Rules.

By order of the Board

Ng Teck Wah
Non-Executive Chairman

Andrew Roach Reddy
Managing Director

12 August 2022

This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr. Liao H.K., at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271