



Unaudited Financial Statements and Dividend Announcement
For the half year ended 30 June 2020

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

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

Statement of Profit or Loss

	Group		Increase/ (decrease)
	1H 2020 S\$'000	1H 2019 S\$'000	+ / (-) %
Revenue	88,966	115,860	(23.2)%
Other income	7,149	3,441	N.M
Cost of inventories consumed	(14,023)	(17,886)	(21.6)%
Staff costs	(17,524)	(19,925)	(12.1)%
Depreciation of investment properties and property, plant and equipment	(38,386)	(37,165)	3.3%
Property rentals and related expenses	(15,349)	(21,236)	(27.7)%
Distribution and selling expenses	(263)	(450)	(41.6)%
Administrative expenses	(2,450)	(2,395)	2.3%
Impairment loss on trade receivables	(351)	(198)	77.3%
Other operating expenses	(2,395)	(1,676)	42.9%
Results from operating activities	5,374	18,370	(70.7)%
Finance income	282	453	(37.7)%
Finance costs	(2,626)	(1,990)	32.0%
Net finance costs	(2,344)	(1,537)	52.5%
Share of profit of associates and partnership , net of tax	-	203	N.M
Profit before tax	3,030	17,036	(82.2)%
Tax expense	(805)	(2,893)	(72.2)%
Profit for the period	2,225	14,143	(84.3)%
Owners of the Company	2,535	14,113	(82.0)%
Non-controlling interests	(310)	30	N.M
	2,225	14,143	(84.3)%

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

Statement of Comprehensive Income

	Group		Increase/ (decrease)
	1H 2020	1H 2019	
	S\$'000	S\$'000	+ / (-) %
Profit for the period	2,225	14,143	(84.3)%
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations	381	(76)	N.M
Total other comprehensive income for the period	<u>381</u>	<u>(76)</u>	N.M
Total comprehensive income for the period	<u>2,606</u>	<u>14,067</u>	(81.5)%
Total comprehensive income for the period attributable to:			
Owners of the Company	2,916	14,037	(79.2)%
Non-controlling interests	(310)	30	N.M
	<u>2,606</u>	<u>14,067</u>	(81.5)%

Notes:

- (1) 1H denotes financial period from 1 January to 30 June
- (2) N.M denotes not meaningful

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

	Group		
	1H 2020	1H 2019	Increase/ (Decrease)
	S\$'000	S\$'000	+ / (-) %
Employee benefits expenses	17,524	19,925	(12.1)%
(Gain)/ Loss on disposal of property, plant & equipment	(6)	137	N.M
Government grants	(5,523)	(380)	N.M
Impairment loss on trade receivables, net	351	198	77.3%
Lease expenses ⁽¹⁾	788	1,954	(59.7)%
Write off of property, plant & equipment	35	13	N.M
Impairment loss on property, plant & equipment	1,490	592	N.M
Interest expenses on loans and borrowings	57	175	(67.4)%
Interest income	(299)	(447)	(33.1)%
Foreign exchange loss/(gain) (net)	16	(6)	N.M
Interest expenses on lease liabilities	2,569	1,777	44.6%
Under/(Over) provision of tax	251	(48)	N.M
Amortisation of intangible assets	35	32	9.4%

Notes:

- ⁽¹⁾ Included in leases expenses are variable lease expenses and lease expenses relating to short-term leases and low-value assets

N.M denotes 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.

	Group		Company	
	30 June 2020 S\$'000	31 Dec 2019 S\$'000	30 June 2020 S\$'000	31 Dec 2019 S\$'000
ASSETS				
Non-current assets				
Property, plant & equipment	192,650	209,989	-	-
Intangible assets	145	150	1	1
Investment properties	16,124	19,867	-	-
Subsidiaries	-	-	1,000	1,000
Associates and partnership	-	-*	-	-
Other investments	1,600	1,600	-	-
Deferred tax assets	927	455	-	-
Trade and other receivables	11,460	10,434	-	-
Total non-current assets	222,906	242,495	1,001	1,001
Current assets				
Inventories	1,354	1,435	-	-
Trade and other receivables	22,730	9,955	42,212	42,222
Time deposits	-	4,600	-	-
Cash and cash equivalents	76,427	90,396	6,135	13,814
Total current assets	100,511	106,386	48,347	56,036
Total assets	323,417	348,881	49,348	57,037
LIABILITIES				
Current liabilities				
Trade and other payables	32,308	41,179	168	104
Lease liabilities	63,161	63,250	-	-
Loans and borrowings	615	605	-	-
Current tax liabilities	6,923	6,019	345	247
Provision for reinstatement cost	2,323	1,524	-	-
Total current liabilities	105,330	112,577	513	351
Non-current liabilities				
Trade and other payables	6,138	7,369	-	-
Lease liabilities	107,147	117,631	-	-
Loans and borrowings	3,767	4,113	-	-
Deferred tax liabilities	78	81	-	-
Provision for reinstatement cost	3,330	4,096	-	-
Total non-current liabilities	120,460	133,290	-	-
Total liabilities	225,790	245,867	513	351
EQUITY				
Share capital	44,961	44,961	44,961	44,961
Reserves	(8)	(389)	-	-
Treasury shares	(350)	(240)	(350)	(240)
Retained earnings	52,169	57,953	4,224	11,965
Equity attributable to owners of the	96,772	102,285	48,835	56,686
Non-controlling interests	855	729	-	-
Total equity	97,627	103,014	48,835	56,686
Total equity and liabilities	323,417	348,881	49,348	57,037

* Less than \$1,000

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
615	-	605	-

Amount repayable after one year

As at 30 June 2020		As at 31 Dec 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,767	-	4,113	-

Details of any collateral

The borrowings are secured by the following:

- Leasehold properties and an investment property
- Assignment of rental proceeds in respect of certain investment properties
- Corporate guarantees issued by the Company.

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

Statement of Cash Flows

	Group	
	1H 2020	1H 2019
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	2,225	14,143
Adjustments for:		
Amortisation of intangible assets	35	32
Depreciation of property, plant and equipment	36,108	34,627
Depreciation of investment properties	2,278	2,538
Gain on disposal of property, plant and equipment	(6)	137
Gain on lease modification	(46)	-
Impairment loss on property, plant & equipment	1,490	592
Impairment loss on trade receivables (net)	351	198
Finance income	(282)	(453)
Finance costs	2,626	1,990
Share of profit of associates and partnership	-	(203)
Write off of property, plant and equipment	35	13
Gain on disposal of associate	(1)	-
Tax expense	805	2,893
	45,618	56,507
Changes in:		
Inventories	81	(126)
Trade and other receivables	(13,856)	1,224
Trade and other payables	(9,249)	(2,331)
Cash generated from operations	22,594	55,274
Tax paid	(436)	(3,156)
Net cash generated from operating activities	22,158	52,118
Cash flows from investing activities		
Interest received	299	444
Proceeds from disposal of property, plant and equipment	19	144
Proceeds from disposal of associate	1	-
Purchase of intangible assets	(30)	-
Purchase of property, plant and equipment	(9,404)	(10,713)
Dividends from equity-accounted investees	-	221
Withdrawal of time deposits with bank	4,600	32,000
Net cash (used in)/generated from investing activities	(4,515)	22,096

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 (cont'd)

Statement of Cash Flows (cont'd)

	Group	
	1H 2020	1H 2019
	S\$'000	S\$'000
Cash flows from financing activities		
Payment of lease liabilities	(20,422)	(32,718)
Capital contribution from non-controlling interest	436	200
Dividends paid to equity holders of the Company	(8,319)	(6,662)
Purchase of treasury shares	(110)	(240)
Repayment of loan to fellow subsidiary of immediate and ultimate holding company	(110)	(385)
Repayments of loans and borrowings	(336)	(281)
Interest paid	(2,694)	(1,953)
Net cash used in financing activities	(31,555)	(42,039)
Net (decrease)/ increase in cash and cash equivalents	(13,912)	32,175
Cash and cash equivalents at beginning of financial period	90,396	60,979
Effect of exchange rate fluctuations on cash held	(57)	(55)
Cash and cash equivalents at end of financial period	76,427	93,099

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

Statement of Changes in Equity

	<-----Attributable to owners of the Company----->					Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
Group							
At 1 January 2020	44,961	(240)	(389)	57,953	102,285	729	103,014
Profit for the period	-	-	-	2,535	2,535	(310)	2,225
<u>Other comprehensive income</u>							
Foreign currency translation differences	-	-	381	-	381	-	381
Total other comprehensive income for the period	-	-	381	-	381	-	381
Total comprehensive income for the period	-	-	381	2,535	2,916	(310)	2,606
<u>Contribution by and distributions to owners</u>							
Dividends paid	-	-	-	(8,319)	(8,319)	-	(8,319)
Purchases of treasury shares	-	(110)	-	-	(110)	-	(110)
Total contribution by and distributions to owners	-	(110)	-	(8,319)	(8,429)	-	(8,429)
<u>Change in ownership interests in subsidiary</u>							
Issuance of new shares to non-controlling interest	-	-	-	-	-	436	436
Total change in ownership interests in subsidiary	-	-	-	-	-	436	436
Total transactions with owners	-	(110)	-	(8,319)	(8,429)	436	(7,993)
At 30 June 2020	44,961	(350)	(8)	52,169	96,772	855	97,627

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

Statement of Changes in Equity

	<-----Attributable to owners of the Company----->						Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation Reserve S\$'000	Retained earnings S\$'000	Total S\$'000			
Group								
At 1 January 2019	44,961	-	(287)	46,737	91,411	117	91,528	
Adjustment on initial application of SFRS(I)16 Leases	-	-	-	(4,262)	(4,262)	(6)	(4,268)	
Adjusted balance at 1 January 2019	44,961	-	(287)	42,475	87,149	111	87,260	
Profit for the period	-	-	-	14,113	14,113	30	14,143	
<u>Other comprehensive income</u>								
Foreign currency translation differences	-	-	(76)	-	(76)	-	(76)	
Total other comprehensive income for the period	-	-	(76)	-	(76)	-	(76)	
Total comprehensive income for the period	-	-	(76)	14,113	14,037	30	14,067	
<u>Contribution by and distributions to owners</u>								
Dividends paid	-	-	-	(6,662)	(6,662)	-	(6,662)	
Purchases of treasury shares	-	(240)	-	-	(240)	-	(240)	
Total contribution by and distributions to owners	-	(240)	-	(6,662)	(6,902)	-	(6,902)	
<u>Change in ownership interests in subsidiary</u>								
Issuance of new shares to non-controlling interest	-	-	-	-	-	200	200	
Total change in ownership interests in subsidiary	-	-	-	-	-	200	200	
Total transactions with owners	-	(240)	-	(6,662)	(6,902)	200	(6,702)	
At 30 June 2019	44,961	(240)	(363)	49,926	94,284	341	94,625	

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

	Attributable to owners of the Company			Total S\$'000
	Share capital S\$'000	Treasury Shares S\$'000	Retained earnings S\$'000	
Company				
At 1 January 2020	44,961	(240)	11,965	56,686
Profit and total comprehensive income for the period	-	-	578	578
<u>Contribution by and distributions to owners</u>				
Dividends paid	-	-	(8,319)	(8,319)
Purchases of treasury shares	-	(110)	-	(110)
Total contribution by and distributions to owners	-	(110)	(8,319)	(8,429)
At 30 June 2020	44,961	(350)	4,224	48,835
At 1 January 2019	44,961	-	8,159	53,120
Profit and total comprehensive income for the period	-	-	6,546	6,546
<u>Contribution by and distributions to owners</u>				
Dividends paid	-	-	(6,662)	(6,662)
Purchases of treasury shares	-	(240)	-	(240)
Total contribution by and distributions to owners	-	(240)	(6,662)	(6,902)
At 30 June 2019	44,961	(240)	8,043	52,764

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

Share capital – Ordinary Shares

	No. of shares '000	Issued and paid up capital S\$'000
Balance as at 1 January 2020	554,814	44,721
Less: Treasury shares	(198)	(110)
As at 30 June 2020	554,616	44,611

During 1H 2020, the Company had bought back 197,300 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 546,600 treasury shares as at 30 June 2020 (31 June 2019: 349,300 shares). The Company did not have any subsidiary holdings or other convertible instruments as at 30 June 2020 and 31 December 2019.

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

	30 June 2020	31 December 2019
Total number of issued shares ('000)	555,163	555,163
Less: Total number of treasury shares ('000)	(547)	(349)
Total number of issued shares ('000)	554,616	554,814

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares as at end of the current financial period reported on.

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

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

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

Not applicable.

(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.

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2019.

(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 adopted the following new Singapore Financial Reporting Standards (International) ("SFRS(I)"), interpretations and amendments to SFRS(I)s effective from 1 January 2020 are not expected to have a significant impact on the Group's consolidated financial statements and the Company's financial statements:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *SFRS(I) 17 Insurance Contracts.*

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

	Group	
	1H 2020	1H 2019
Basic and diluted earnings per share (cents)	0.46	2.54
Weighted average number of shares*	554,712,986	555,129,092

* The weighted average number of shares takes into account the share buy-backs transacted during the respective period.

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

	Group		Company	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
Net asset value per share (cents)	17.45	18.44	8.81	10.22
Number of shares issued at end of financial period	554,616,400	554,813,700	554,616,400	554,813,700

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

OVERVIEW

Statements of Comprehensive Income

1H 2020 vs 1H 2019

The Group was impacted by the COVID-19 pandemic outbreak with its profit before taxation decreased significantly by S\$14.0 million from S\$17.0 million in 1H 2019 to S\$3.0 million in 1H 2020 due to lower revenue and increased impairment loss on property, plant and equipment, offset by lower operating expenses and government grants received.

Revenue

Group revenue decreased by S\$26.9 million or 23.2% from S\$115.9 million in 1H 2019 to S\$89.0 million in 1H 2020.

Revenue contribution from the outlet and mall management segment decreased by S\$11.5 million or 19.4% from S\$59.3 million in 1H 2019 to S\$47.8 million in 1H 2020. This was mainly due to (i) decrease in fixed rental income of S\$2.7 million as we pass on rental and property tax rebates granted by landlords to our stall tenants (ii) decrease in variable rent income by S\$5.2 million owing to lower footfalls at most of the outlets especially during the circuit breaker and Phase 1 of the re-opening of the economy as dine-in services were disallowed and (iii) decrease in the recovery of cleaning expenses of S\$3.5 million from stall tenants as lower cleaning expenses were incurred during the circuit breaker and Phase 1 periods when dine-in services were disallowed.

(b) Revenue from the food & beverage ("F&B") retail business segment decreased by S\$15.4 million or 41.2% from S\$56.6 million in 1H 2019 to S\$41.2 million in 1H 2020 was largely contributed by lower footfalls at most of the outlets especially during the circuit breaker and Phase 1 periods as dine-in services were disallowed and temporary suspension of operations of 10 food courts, 3 quick-service restaurants ("QSR"), 2 full-service restaurants and 26 R&B tea kiosks/QSR during the circuit breaker and Phase 1 periods.

Other Income

Other income increased by S\$3.7 million or 107.8% from S\$3.4 million in 1H 2019 to S\$7.1 million in 1H 2020 mainly due to increase in government grants by S\$5.1 million for wages support and property tax rebates passed down by landlords and offset by decrease in (i) renovation income charged to stall tenants by S\$0.7 million and (ii) sponsorship income given by suppliers by S\$0.7 million due to reclassification to cost of inventories consumed.

Cost of Inventories Consumed

Cost of inventories decreased by S\$3.9 million or 21.6% from S\$17.9 million in 1H 2019 to S\$14.0 million in 1H 2020 in line with the decrease in F&B revenue.

Staff Costs

Staff costs decreased by S\$2.4 million or 12.1% from S\$19.9 million in 1H 2019 to S\$17.5 million in 1H 2020 was mainly due to decrease in (i) staff incentives and profit sharing of S\$1.8 million as a result of lower profits generated in 1H 2020 and (ii) foreign worker levies waived of S\$0.5 million in 1H 2020.

Depreciation of Investment Properties, Property, Plant and Equipment

Depreciation charges increased by S\$1.2 million or 3.3% from S\$37.2 million in 1H 2019 to S\$38.4 million in 1H 2020. This was mainly due to depreciation charge for the ROU assets and property, plant and equipment for outlets newly opened subsequent to 1H 2019.

Property Rentals and Related Expenses

Property rentals and related expenses decreased by S\$5.9 million or 27.7% from S\$21.2 million in 1H 2019 to S\$15.3 million in 1H 2020. This was mainly due to decrease in (i) variable lease expenses to landlord by S\$1.2 million and (ii) utilities and cleaning expenses by \$4.7 million during the circuit breaker and Phase 1 period.

Distribution and Selling Expenses

Distribution and selling expenses decreased by S\$0.2 million or 41.6% from S\$0.5 million in 1H 2019 to S\$0.3 million in 1H 2020 due to reduced marketing activities.

Administrative Expenses

Administrative expenses increased slightly by S\$0.1 million or 2.3% from S\$2.4 million in 1H 2019 to S\$2.5 million in 1H 2020.

Impairment loss on trade receivables

Impairment loss on trade receivables increased by S\$153,000 or 77.3% from S\$198,000 in 1H 2019 to S\$351,000 in 1H 2020.

Other Operating Expenses

Other operating expenses increased by S\$0.7 million or 42.9% from S\$1.7 million in 1H 2019 to S\$2.4 million in 1H 2020 mainly due to impairment loss on property, plant and equipment recognised for cash generating units with recurring losses.

Finance Income

Finance income decreased by S\$0.2 million from S\$0.5 million in 1H 2019 to S\$0.3 million in 1H 2020 mainly due to lower interest earned from time deposits placed with banks.

Finance Costs

Finance costs increased by S\$0.6 million or 32.0% from S\$2.0 million in 1H 2019 to S\$2.6 million in 1H 2020 mainly due to increase in interest expenses on lease liabilities for outlets newly opened subsequent to 1H 2019.

Tax Expense

Tax expenses decreased by S\$2.1 million or 72.2% from S\$2.9 million in 1H 2019 to S\$0.8 million in 1H 2020 mainly due to lower profits generated in 1H 2020. The effective tax rates were 25.0% and 17.0% for 1H 2020 and 2019 respectively. The increase in effective tax rate in 1H 2020 was mainly due to under provision of prior year tax of S\$0.3 million.

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

Statement of Financial Position

The comparative performance for assets and liabilities are based on financial statements as at 31 December 2019 and 30 June 2020.

Non-Current Assets

As at 30 June 2020, non-current assets decreased by S\$19.6 million from S\$242.5 million to S\$222.9 million. The decrease was mainly due to decrease in property, plant and equipment and investment properties by S\$17.3 million and S\$3.8 million respectively as a result of lease modifications made in respect of rental rebates granted by the landlords. The decrease is offset by the increase in (i) deferred tax assets of S\$0.4 million and (ii) trade and other receivables of S\$1.1 million due to increase in rental deposits with landlords.

Current Assets

As at 30 June 2020, current assets decreased by S\$5.9 million from S\$106.4 million to S\$100.5 million mainly due to decrease in cash and equivalents and time deposits by S\$18.6 million. The decrease is partially offset by increase in trade and other receivables of S\$12.7 million, mainly due to recognition of grant receivables of S\$2.4 million, rental rebate receivables from landlords of S\$1.8 million and deferred rental rebates to stall tenants of S\$7.6 million.

Non-Current Liabilities

Non-current liabilities decreased by S\$12.8 million from S\$133.3 million as at 31 December 2019 to S\$120.5 million as at 30 June 2020. The decrease was due to decrease in (i) lease liabilities by S\$10.5 million due to lease repayments (ii) trade and other payables of S\$1.2 million due to decrease in rental deposits from tenants (iii) loans and borrowings by S\$0.3 million and (iv) provision for reinstatement cost by S\$0.8 million.

Current Liabilities

Current liabilities decreased by S\$7.3 million from S\$112.6 million as at 31 December 2019 to S\$105.3 million as at 30 June 2020.

The decrease was mainly due to decrease in (i) refundable receipts to tenants by S\$3.7 million, (ii) trade payables by S\$2.5 million and (iii) accrued operating expenses by S\$2.8 million. The decrease was partially offset by increase in (i) current tax liabilities by S\$0.9 million and (ii) provision for reinstatement cost of S\$0.8 million.

Statement of Cash Flows

1H 2020 vs 1H 2019

The Group generated net cash flows from operating activities in 1H 2020 of S\$22.2 million, a result of operating profit before working capital changes of S\$45.6 million, adjusted for net working capital outflows of S\$23.0 million and income taxes paid of S\$0.4 million.

Net working capital outflows of S\$23.0 million in 1H 2020 was mainly attributable to the cash outflows from trade and other receivables of S\$13.9 million and trade and other payables of S\$9.2 million.

Net cash outflows from trade and other receivables of S\$13.9 million was mainly attributable from (i) increase in trade receivables from tenants by S\$0.9 million, (ii) increase in deferred rental rebate of S\$7.6 million, recognition of grant receivables of S\$2.4 million and rental rebate receivables from landlords of S\$1.8 million and (iii) increase in prepayment of S\$1.2 million for advance rental payment to landlord.

Net cash outflows from trade and other payables of S\$9.2 million was mainly attributable from (i) decrease in refundable receipts to tenants by S\$3.7 million, (ii) decrease in trade payables by S\$2.5 million and (iii) decrease in accrual operating expenses of S\$2.8 million, mainly because of payment of FY2019 variable rent of S\$2.6 million to landlords.

Net cash flows used in investing activities in 1H 2020 amount to S\$4.5 million, was mainly attributable to the purchase of property, plant and equipment of S\$9.4 million, of which S\$6.2 million relates to the integrated facility, partially offset by withdrawal of time deposits with bank of S\$4.6 million.

Net cash flows used in financing activities in 1H 2020 amount to S\$31.6 million, was attributable to the cash outflows from (i) the payment of interest and lease liabilities of S\$2.7 million and S\$20.4 million respectively, (ii) repayment of loans and borrowings and loans from fellow subsidiary of immediate and ultimate holding company of S\$0.3 million and S\$0.1 million respectively and (iii) dividend of S\$8.3 million paid to equity holders of the Company in June 2020.

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

This is in line with what was previously disclosed by the Company.

(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 unprecedented global COVID-19 pandemic outbreak has affected most industries, including the food & beverage (“F&B”) industry. Despite the difficulties, the Group is committed to ensuring our essential products and services which support the community will carry on with minimal or no disruption while ensuring the health and safety of our employees. The Group has implemented necessary COVID-19 mitigation measures as required by the governments and regulators in its countries of operations, mainly Macau and Singapore, and has also activated its business continuity plans.

Singapore

The Group has resumed operations of most of the outlets including dine-in services since 19 June 2020 in Phase 2 of the reopening of the economy. Footfalls and revenue of the food courts and coffee shops located in the heartlands have seen significant improvements after the resumption of dine-in services. However, footfalls at food courts located near offices, down-town areas, tertiary institutions as well as tourist hot-spots continue to remain low. Resumption of most of the operations of the R&B tea kiosks as well as dine-in services of the 4 full-service restaurants has seen significant improvements to both footfalls and revenue of these outlets.

Whilst the Group’s revenue from the outlet & mall management segment comprises largely fixed rental income from stall tenants, a portion of the Group’s revenue is also directly linked to the performance of stallholders in certain food outlets, where a component of the fee is variable in nature and pegged to the gross turnover of the stall in question. As stallholders have also been impacted by COVID-19, the Group’s variable fee income from stallholders is also be affected. The Group is monitoring its stall occupancy closely and will actively source for new tenants to replace any outgoing stallholders.

The negative impact has been mitigated to an extent by grants from the government and rental waivers or rebates as well as property tax rebates passed down by landlords. The Group is also mindful of the impact to stallholders, and cost-savings where received, have also been passed on to stallholders.

The Group secured and opened two new coffee shops and 1 R&B Tea kiosk in 1H 2020. The opening of one new food court at Le Quest, Bukit Batok initially slated for opening has been delayed to the fourth quarter of 2020. The Group expects to open 1 quick service restaurant at Canberra Plaza and 3 new R&B

Tea kiosks at Fusionopolis, Change Alley Mall and Le Quest in quarters three and four of 2020.

Macau

Business operations in Macau started to be impacted in February 2020 when casinos were first closed for fifteen days in February. The Macau Government had subsequently closed the border in phases in March. Given Macau's dependence on mainland Chinese visitors and in view of lockdown measures in China at that point in time, though the food courts at the University of Macau and Cotai Sands remain operational, operations have been impacted by significantly lower footfall.

Both Mainland China and Macau have slowly opened up its borders including resuming the regular operational hours of the Hongkong-Zhuhai-Macau bridge and Portos do Cerco border in early May 2020 and also the recent lifting of the 14-day quarantine policy on all visitors crossing the Macau-Guangdong borders in July 2020. However, business operations nonetheless remain at a reduced level given the reduced number of visitors and travellers generally.

As with the case in Singapore, the negative impact in Macau has also been mitigated to an extent from the rental waivers and rebates passed down by the landlords. Similarly, any waivers and rebates have also passed down such cost savings received to stallholders. Our current occupancy rate for the food stalls in Macau remains at 100%.

The opening of one new food court at Nova City initially slated for opening in the second quarter of 2020 has been delayed to the third quarter of 2020.

Recent developments

The Group has opened its first R&B Tea kiosk in Indonesia, at Emporium Pluit Mall on 4 July 2020.

The Group has also on 30 July 2020 completed the acquisition of the fried food and dough products business, capitalizing on its strong cash position. The acquisition fast-tracks the Group's revenue diversification and network expansion in complementary dim sum snacks, fried food and dough products and strengthens the supply chain with the broadening and expansion of the production and manufacturing capabilities.

The progress of the construction of the integrated facility has been delayed due to the COVID-19 measures introduced in both Singapore and Malaysia (where certain materials have been sourced from). The Group expects further delay in the TOP to be in the fourth quarter of 2020, at the earliest, as the commencement of construction has been further delayed.

Notwithstanding the challenges amidst the COVID-19, the Group continues to have a strong balance sheet and expects to remain competitive with cautious growth and expansion plans. The Group will continue to remain vigilant and explore strategies to support and reinforce its relationships with stakeholders.

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

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

(b)(i) Amount per share (cents)

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	0.5 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	1 cent per ordinary share
Tax Rate	Tax-exempt (one-tier)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

The dividend is tax exempt.

(d) The date the dividend is payable.

The interim dividend will be paid on 3 September 2020.

(e) Record date

The Share Transfer Books and Register of Members of Koufu Group Limited (the “Company”) will be closed on 25 August 2020, 5.00 p.m. for the purpose of determining the entitlements of the Company’s shareholders (“Shareholders”) to the interim one-tier tax-exempt dividend of 0.5 cent per ordinary share for the financial year ending 31 December 2020 (“Interim Dividend”).

Duly stamped and completed transfer received by the Company’s Share Registrar, RHT Corporate Advisory Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712, at 5.00 p.m. on 25 August 2020 will be registered to determine Shareholders entitlements to the Interim Dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited (“CDP”) are credited with shares of the Company as at 5.00 p.m. on 25 August 2020, will be entitled to the Interim Dividend.

The Interim Dividend will be paid on 3 September 2020.

(12) If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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

The Group has obtained the renewal of the general mandate from shareholders in the Extraordinary General Meeting held on 5 June 2020. Details of the IPTs were disclosed in pages 18 to 25 of the Circular dated 13 May 2020.

Name of Interested Persons	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions conducted under the Shareholders’ Mandate pursuant to Rule 920 of the Listing Manual and transactions less than S\$100,000)	Aggregate value of all IPTs conducted under the Shareholders’ Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S\$100,000)
		6 months ended 30 June 2020	6 months ended 30 June 2020
		S\$’000	S\$’000
Abundance Realty Pte Ltd Food court and coffeeshops’ leases ⁽¹⁾	Abundance Realty Pte Ltd is a wholly-owned subsidiary of Jun Yuan Holdings Pte Ltd, the Controlling Shareholder of the Company	-	1,293

Great Solutions Pte Ltd Dishwashing, cleaning, landscaping and vector control services ⁽²⁾	Great Solutions Pte Ltd is a subsidiary of GS Holdings Limited, a company listed on the Catalist Board of SGX-ST and is controlled by Mr Pang Pok, sibling of Mr Pang Lim	-	149
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Notes:

⁽¹⁾ As disclosed in our Group's Prospectus dated 11 July 2018, our Group leases one food court and five coffee shop properties from Abundance Realty Pte Ltd with the leases executed on 28 September 2017 for a lease term of four years commencing 28 September 2017. The monthly rental amounts to \$268,000 with an aggregate value of \$12,864,000 for the entire lease period.

⁽²⁾ As disclosed in our Group's Circular to Shareholders dated 13 May 2020, our Group obtains dishwashing (offsite and on premises), cleaning (general, toilet and car park), landscaping and vector control services from Great Solutions Pte. Ltd. in respect of the Hawker Centre for a period of 2 years from 3 October 2017, with an option to renew for another year, payable upon service rendered on a monthly basis. The option of renew has been exercised.

Save for the above, there are no other IPTs which exceed S\$100,000 for the period under review.

(14) Use of IPO proceeds

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

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

	Allocated	Utilised	Balance
	S\$'000	S\$'000	S\$'000
Capital expenditure for integrated facility	30,000	(18,570)	11,430
Refurbishment and renovation of new and existing F&B Outlets	8,000	(8,000)	-
Acquisitions, joint ventures, strategic alliances or investments	5,000	(5,000)	-
Listing expenses	2,500	(2,500)	-
Total	45,500	(34,070)	11,430

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

(15) Negative Confirmation by the Board pursuant to Rule 705(5).

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results of the Group for the half year ended 30 June 2020 to be false or misleading in any material respect.

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

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

(17) Additional information required pursuant to Rule 706A of the Listing Manual.

Save as disclosed below, there were no incorporation of any new subsidiary nor were there any changes made to the existing shareholding percentage of the Company and other entities of the Group during the financial period ended 30 June 2020 and as at the date of this announcement.

Acquisition of subsidiaries

On 30 July 2020, Koufu Pte Ltd, the wholly-owned subsidiary of the Company has completed the acquisition of 100% interest in Deli Asia (S) Pte Ltd, Delisnacks Pte Ltd, Dough Culture Pte Ltd and Dough Heritage Pte Limited for a total consideration of S\$22,040,000.

Incorporation of an indirect wholly-owned subsidiary in Singapore

Koufu Pte. Ltd., a wholly-owned subsidiary of the Company has on 31 March 2020 incorporated a wholly-owned subsidiary in Singapore, namely Deli Kitchen Pte. Ltd. (the "Deli Kitchen"), with a paid-up capital of S\$1.00 to carry out the principal activities of (i) letting of self-owned or leased real estate property except food courts, coffee shops and eating houses (e.g. office/exhibition space, shopping mall, self-storage facilities); and (ii) manufacture of other food products N.E.C. (except food chemicals and additives).

The above investment is funded by internal resources and is not expected to have any material impact on the earnings per share and net tangible assets per share of the Company for the current financial year.

BY ORDER OF THE BOARD

Pang Lim
Executive Chairman and Chief Executive Officer

11 August 2020