



Koufu Group Limited
(Incorporated in Singapore)
Company Registration No: 201732833D

**Unaudited Financial Statements and Dividend Announcement
For the financial year ended 31 December 2019**

Background

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

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

The directors of the Company are pleased to make the following announcement of the unaudited results for the fourth quarter (“4Q”) and year ended 31 December 2019 (“12M”).

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

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

Statement of Profit or Loss

	Group		Increase/ (decrease) +/(-) %	Group		Increase/ (decrease) +/(-) %
	4Q 2019 S\$'000	4Q 2018 S\$'000		12M 2019 S\$'000	12M 2018 S\$'000	
Revenue	60,296	57,048	5.7%	237,507	223,840	6.1%
Other income	461	1,414	(67.4)%	5,723	5,331	7.4%
Cost of inventories consumed	(9,185)	(8,575)	7.1%	(36,917)	(35,063)	5.3%
Staff costs	(9,092)	(8,586)	5.9%	(39,901)	(36,894)	8.2%
Depreciation of investment properties and property, plant and equipment ⁽⁴⁾	(20,659)	(2,822)	N.M	(76,551)	(11,851)	N.M
Property rentals and related expenses ⁽⁴⁾	(9,501)	(26,381)	(64.0)%	(42,520)	(105,073)	(59.5)%
Distribution and selling expenses	(156)	(305)	(48.9)%	(806)	(2,020)	(60.1)%
Administrative expenses	(1,406)	(1,593)	(11.7)%	(5,011)	(6,278)	(20.2)%
Impairment loss on trade receivables	(23)	-	N.M	(247)	(325)	(24.0)%
Other operating expenses	(1,106)	(1,204)	(8.1)%	(3,957)	(2,621)	51.0%
Results from operating activities	9,629	8,996	5.8%	37,320	29,046	28.5%
Finance income	190	246	(22.8)%	851	424	N.M
Finance costs ⁽⁴⁾	(1,418)	(105)	N.M	(4,433)	(280)	N.M
Net finance (costs)/income	(1,228)	141	N.M	(3,582)	144	N.M
Share of profit of associates and partnership, net of tax	(14)	-	N.M	220	241	(8.7)%
Profit before tax	8,387	9,137	(8.2)%	33,958	29,431	15.4%
Tax expense	(1,884)	(1,608)	17.2%	(6,122)	(4,955)	23.6%
Profit for the period	6,503	7,529	(13.6)%	27,836	24,476	13.7%
Owners of the Company	6,503	7,510	(13.4)%	27,688	24,509	13.0%
Non-controlling interests	-	19	N.M	148	(33)	N.M
	6,503	7,529	(13.6)%	27,836	24,476	13.7%

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

Statement of Comprehensive Income

	Group		Increase/	Group		Increase/
	4Q 2019	4Q 2018	(decrease)	12M 2019	12M 2018	(decrease)
	S\$'000	S\$'000	+ / (-) %	S\$'000	S\$'000	+ / (-) %
Profit for the period	6,503	7,529	(13.6)%	27,836	24,476	13.7%
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation differences – foreign operations	(249)	(32)	N.M	(102)	108	N.M
Total other comprehensive income for the period	(249)	(32)	N.M	(102)	108	N.M
Total comprehensive income for the period	6,254	7,497	(16.6)%	27,734	24,584	12.8%
Total comprehensive income for the period attributable to:						
Owners of the Company	6,254	7,478	(16.4)%	27,586	24,617	12.1%
Non-controlling interests	-	19	N.M	148	(33)	N.M
	6,254	7,497	(16.6)%	27,734	24,584	12.8%

Notes:

- (1) 4Q denotes financial period from 1 October to 31 December
- (2) 12M denotes financial period from 1 January to 31 December
- (3) N.M denotes not meaningful
- (4) The significant increases or decrease are due to the adoption of Singapore Financial Reporting Standards (International) ("SFRS (I)") 16 Leases which is effective from 1 January 2019 (refer to paragraph 5 on page 15 for details)

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

	Group		Increase/ (Decrease) +/(-) %	Group		Increase/ (Decrease) +/(-) %
	4Q 2019 S\$'000	4Q 2018 S\$'000		12M 2019 S\$'000	12M 2018 S\$'000	
Employee benefits expenses	9,092	8,586	5.9%	39,901	36,894	8.2%
(Gain)/Loss on disposal of property, plant & equipment	(17)	(21)	(19.0)%	120	(296)	N.M
Government grants	(9)	-	N.M	(598)	(785)	(23.8)%
Impairment loss on trade receivables, net	23	-	N.M	247	325	(24.0)%
Operating lease expenses ⁽¹⁾	770	14,747	(94.8)%	4,139	59,905	(93.1)%
Write off of property, plant & equipment	78	19	N.M	101	263	(61.6)%
Impairment loss on property, plant & equipment	485	1,017	(52.3)%	1,077	1,017	5.9%
Impairment loss on intangible assets	-	1	N.M	-	1	N.M
Reversal of impairment loss on investment properties	(86)	(485)	(82.3)%	(86)	(485)	(82.3)%
Interest expenses on loans and borrowings	63	76	(17.1)%	312	246	26.8%
Interest income	(198)	(253)	(21.7)%	(851)	(389)	N.M
Foreign exchange (gain)/loss (net)	68	73	(6.8)%	60	34	76.5%
Interest expenses on lease liabilities ⁽¹⁾	1,288	-	N.M	3,990	-	N.M
(Over)/Under provision of tax	618	(49)	N.M	604	6	N.M
Amortisation of intangible assets	14	26	(46.2)%	59	77	(23.4)%

⁽¹⁾ The significant increases or decreases are due to the adoption of SFRS(I) 16 Leases which is effective from 1 January 2019 (refer to paragraph 5 on page 15 for details)

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	
	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000
ASSETS				
Non-current assets				
Property, plant & equipment ⁽¹⁾	209,989	21,383	-	-
Lease prepayment ⁽¹⁾	-	3,658	-	-
Intangible assets	150	143	1	1
Investment properties ⁽¹⁾	19,867	13,765	-	-
Subsidiaries	-	-	1,000	1,000
Associates and partnership	-*	262	-	-
Other investments	1,600	1,600	-	-
Deferred tax assets	455	-	-	-
Trade and other receivables	10,434	11,329	-	-
Total non-current assets	242,495	52,140	1,001	1,001
Current assets				
Inventories	1,435	1,288	-	-
Lease prepayment ⁽¹⁾	-	130	-	-
Trade and other receivables	9,955	10,158	42,222	41,374
Time deposits	4,600	35,000	-	-
Cash and cash equivalents	90,396	60,979	13,814	12,040
Total current assets	106,386	107,555	56,036	53,414
Total assets	348,881	159,695	57,037	54,415
LIABILITIES				
Current liabilities				
Trade and other payables	41,179	46,021	104	1,115
Lease liabilities ⁽¹⁾	63,250	-	-	-
Loans and borrowings	605	411	-	-
Current tax liabilities	6,019	6,009	247	180
Provision for reinstatement cost	1,524	1,329	-	-
Total current liabilities	112,577	53,770	351	1,295
Non-current liabilities				
Trade and other payables	7,369	6,763	-	-
Lease liabilities ⁽¹⁾	117,631	-	-	-
Loans and borrowings	4,113	4,364	-	-
Deferred tax liabilities	81	14	-	-
Provision for reinstatement cost	4,096	3,256	-	-
Total non-current liabilities	133,290	14,397	-	-
Total liabilities	245,867	68,167	351	1,295
EQUITY				
Share capital	44,961	44,961	44,961	44,961
Reserves	(389)	(287)	-	-
Treasury shares	(240)	-	(240)	-
Retained earnings	57,953	46,737	11,965	8,159
Equity attributable to owners of the Company	102,285	91,411	56,686	53,120
Non-controlling interests	729	117	-	-
Total equity	103,014	91,528	56,686	53,120
Total equity and liabilities	348,881	159,695	57,037	54,415

⁽¹⁾ The significant increases or decreases are due to the adoption of SFRS(I) 16 Leases which is effective from 1 January 2019
(refer to paragraph 5 on page 15 for details)

* 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 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
605	-	411	-

Amount repayable after one year

As at 31 Dec 2019		As at 31 Dec 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
4,113	-	4,364	-

Details of any collateral

The borrowings are secured by the following:

- Leasehold properties and certain investment properties
- Assignment of rental proceeds in respect of certain investment properties
- Corporate guarantees issued by the Company to its subsidiary

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

Statement of Cash Flows

	Group		Group	
	4Q 2019	4Q 2018	12M 2019	12M 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit for the period	6,503	7,529	27,836	24,476
Adjustments for:				
Amortisation of lease prepayment	-	32	-	108
Amortisation of intangible assets	14	26	59	77
Depreciation of property, plant and equipment ⁽¹⁾	19,340	2,684	71,417	11,241
Depreciation of investment properties ⁽¹⁾	1,319	138	5,134	610
(Gain)/Loss on disposal of property, plant and equipment	(17)	(21)	120	(296)
Gain on lease modification	(99)	-	(99)	-
Impairment loss on property, plant & equipment	485	1,017	1,077	1,017
Reversal of impairment loss on investment properties	(86)	(485)	(86)	(485)
Impairment loss on intangible assets	-	1	-	1
Impairment loss on trade receivables (net)	23	-	247	325
Bad trade receivables written off	-	35	-	12
Finance income	(190)	(246)	(851)	(424)
Finance costs ⁽¹⁾	1,418	105	4,433	280
Share of profit of associates and partnership	14	-	(220)	(241)
Write off of property, plant and equipment	78	19	101	263
Gain on acquisition of subsidiary	-	-	(5)	-
Tax expense	1,884	1,608	6,122	4,955
	<u>30,686</u>	<u>12,442</u>	<u>115,285</u>	<u>41,919</u>
Changes in:				
Inventories	(221)	(112)	(137)	7
Trade and other receivables	648	1,385	834	(130)
Trade and other payables	(402)	(4,529)	184	(2,918)
Cash generated from operations	<u>30,711</u>	<u>9,186</u>	<u>116,166</u>	<u>38,878</u>
Tax paid	(462)	(628)	(6,063)	(5,637)
Net cash generated from operating activities	<u>30,249</u>	<u>8,558</u>	<u>110,103</u>	<u>33,241</u>
Cash flows from investing activities				
Interest received	142	251	793	387
Proceeds from disposal of property, plant and equipment	369	678	513	755
Purchase of:				
- intangible assets	(61)	(9)	(66)	(41)
- investment property	-	-	-	(3,900)
- property, plant and equipment	(10,688)	(4,273)	(26,903)	(15,053)
Payment for lease prepayment	-	(22)	-	(3,466)

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		Group	
	4Q 2019	4Q 2018	12M 2019	12M 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Net investment in associates	-	85	221	85
Acquisition of subsidiary	1,135	-	1,135	-
Withdrawal of/ (Placement of) time deposits with bank	(1,600)	-	30,400	(35,000)
Net cash (used in)/ generated from investing activities	(10,703)	(3,290)	6,093	(56,233)
Cash flows from financing activities				
Payment of lease liabilities ⁽¹⁾	(15,996)	-	(64,447)	-
Capital contribution from non-controlling interest	-	-	204	-
Distribution of profits to the then-existing owners of sole-proprietors and partnership	-	-	-	(2,081)
Dividends paid to equity holders of the Company	-	(5,552)	(12,210)	(18,052)
Payment of initial public offering transaction costs	-	(412)	-	(3,046)
Proceeds from issuance of new shares pursuant to initial public offering	-	-	-	45,462
Proceeds from loans and borrowings	-	130	520	3,380
Proceeds from loan from fellow subsidiary of immediate and ultimate holding company	-	6,578	-	6,578
Purchase of treasury shares	-	-	(240)	-
Repayment of loans from fellow subsidiary of immediate and ultimate holding company	(5,127)	(763)	(5,705)	(763)
Repayments of loans and borrowings	(150)	(133)	(577)	(362)
Interest paid ⁽¹⁾	(1,348)	(75)	(4,301)	(246)
Net cash (used in)/generated from financing activities	(22,621)	(227)	(86,756)	30,870
Net (decrease)/ increase in cash and cash equivalents	(3,075)	5,041	29,440	7,878
Cash and cash equivalents at beginning of financial period	93,457	55,842	60,979	53,043
Effect of exchange rate fluctuations on cash held	14	96	(23)	58
Cash and cash equivalents at end of financial period	90,396	60,979	90,396	60,979

⁽¹⁾ The significant increases or decreases are due to the adoption of SFRS(I) 16 Leases which is effective from 1 January 2019 (refer to paragraph 5 on page 15 for details)

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	-	-	-	21,185	21,185	148	21,333
<u>Other comprehensive income</u>							
Foreign currency translation differences	-	-	147	-	147	-	147
Total other comprehensive income for the period	-	-	147	-	147	-	147
Total comprehensive income for the period	-	-	147	21,185	21,332	148	21,480
<u>Contribution by and distributions to owners</u>							
Dividends paid	-	-	-	(12,210)	(12,210)	-	(12,210)
Purchases of treasury shares	-	(240)	-	-	(240)	-	(240)
Total contribution by and distributions to owners	-	(240)	-	(12,210)	(12,450)	-	(12,450)
<u>Change in ownership interests in subsidiary</u>							
Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	266	266
Incorporation of subsidiary	-	-	-	-	-	4	4
Issuance of new shares to non-controlling interest	-	-	-	-	-	200	200
Total change in ownership interests in subsidiary	-	-	-	-	-	470	470
Total transactions with owners	-	(240)	-	(12,210)	(12,450)	470	(11,980)
At 30 September 2019	44,961	(240)	(140)	51,450	96,031	729	96,760

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 30 September 2019	44,961	(240)	(140)	51,450	96,031	729	96,760
Profit for the period	-	-	-	6,503	6,503	-	6,503
<u>Other comprehensive income</u>							
Foreign currency translation differences	-	-	(249)	-	(249)	-	(249)
Total other comprehensive income for the period	-	-	(249)	-	(249)	-	(249)
Total comprehensive income for the period	-	-	(249)	6,503	6,254	-	6,254
<u>Contribution by and distributions to owners</u>							
Dividends paid	-	-	-	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-	-	-	-
At 31 December 2019	44,961	(240)	(389)	57,953	102,285	729	103,014

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

Group	<-----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		
At 1 January 2018	1,000	-	(395)	42,361	42,966	150	43,116
Profit for the period	-	-	-	16,999	16,999	(52)	16,947
<u>Other comprehensive income</u>							
Foreign currency translation reserve	-	-	140	-	140	-	140
Total other comprehensive income for the period	-	-	140	-	140	-	140
Total comprehensive income for the period	-	-	140	16,999	17,139	(52)	17,087
<u>Contribution by and distributions to owners</u>							
Issuance of new shares pursuant to initial public offering	45,462	-	-	-	45,462	-	45,462
Initial public offering transactions costs deducted from equity	(1,347)	-	-	-	(1,347)	-	(1,347)
Dividend paid	-	-	-	(12,500)	(12,500)	-	(12,500)
Distribution of profits to the then-existing owners of sole proprietors and partnership	-	-	-	(2,081)	(2,081)	-	(2,081)
Total contribution by and distributions to owners	44,115	-	-	(14,581)	29,534	-	29,534
At 30 September 2018	45,115	-	(255)	44,779	89,639	98	89,737

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 30 September 2018	45,115	-	(255)	44,779	89,639	98	89,737
Profit for the period	-	-	-	7,510	7,510	19	7,529
<u>Other comprehensive income</u>							
Foreign currency translation differences	-	-	(32)	-	(32)	-	(32)
Total other comprehensive income for the period	-	-	(32)	-	(32)	-	(32)
Total comprehensive income for the period	-	-	(32)	7,510	7,478	19	7,497
<u>Contribution by and distributions to owners</u>							
Dividends paid	-	-	-	(5,552)	(5,552)	-	(5,552)
Initial public offering transactions costs deducted from equity	(154)	-	-	-	(154)	-	(154)
Total contribution by and distributions to owners	(154)	-	-	(5,552)	(5,706)	-	(5,706)
At 31 December 2018	44,961	-	(287)	46,737	91,411	117	91,528

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

	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 2019	44,961	-	8,159	53,120
Profit and total comprehensive income for the period	-	-	6,843	6,843
<u>Contribution by and distributions to owners</u>				
Dividends paid	-	-	(12,210)	(12,210)
Purchases of treasury shares	-	(240)	-	(240)
Total contribution by and distributions to owners	-	(240)	(12,210)	(12,450)
At 30 September 2019	44,961	(240)	2,792	47,513
Profit and total comprehensive income for the period	-	-	9,173	9,173
<u>Contribution by and distributions to owners</u>				
Dividend paid	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-
At 31 December 2019	44,961	(240)	11,965	56,686
At 1 January 2018	100	-	(2)	98
Profit and total comprehensive income for the period	-	-	7,842	7,842
<u>Contribution by and distributions to owners</u>				
Issuance of new shares pursuant to initial public offering	45,462	-	-	45,462
Issuance of new shares	900	-	-	900
Initial public offering transactions costs deducted from equity	(1,347)	-	-	(1,347)
Total contribution by and distributions to owners	45,015	-	-	45,015
At 30 September 2018	45,115	-	7,840	52,955
Profit and total comprehensive income for the period	-	-	5,871	5,871
<u>Contribution by and distributions to owners</u>				
Dividends paid	-	-	(5,552)	(5,552)
Initial public offering transactions costs deducted from equity	(154)	-	-	(154)
Total contribution by and distributions to owners	(154)	-	(5,552)	(5,706)
At 31 December 2018	44,961	-	8,159	53,120

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 2019	555,163	44,961
Less: Treasury shares	(349)	(240)
As at 31 December 2019	554,814	44,721

During Q2 2019, the Company had bought back 349,300 shares by way of market acquisition and all shares acquired are held as treasury shares. Following the purchase, the Company has 349,300 treasury shares as at 31 December 2019 (31 December 2018: Nil). The Company did not have any subsidiary holdings or other convertible instruments as at 31 December 2019 and 31 December 2018.

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.

	31 December 2019	31 December 2018
Total number of issued shares ('000)	555,163	555,163
Less: Total number of treasury shares ('000)	(349)	-
Total number of issued shares ('000)	554,814	555,163

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.

(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 2018.

(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)"), amendments and interpretations of SFRS(I)s effective from 1 January 2019:

- SFRS(I)16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

The adoption of the above new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and the Company for the year ending 31 December 2019 except for SFRS(I)16 Leases. The Group's assessment of SFRS(I)16, which is expected to have a more significant impact on the Group is described below.

SFRS(I)16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group applied SFRS(I)16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

The following reconciliation summarises the impact on initial application of SFRS(I)16 on the Group's consolidated statement of financial position as at 1 January 2019.

1 January 2019	As previously reported S\$'000	Effects of adoption of SFRS(I)16 S\$'000	As at 1 Jan 2019 S\$'000
ASSETS			
Property, plant & equipment	21,383	121,935	143,318
Lease prepayment	3,658	(3,658)	-
Investment properties	13,765	2,494	16,259
Deferred tax assets	-	628	628
Others	13,334	-	13,334
Non-current assets	52,140	121,399	173,539
Lease prepayment	130	(130)	-
Others	107,425	-	107,425
Current assets	107,555	(130)	107,425
Total assets	159,695	121,269	280,964

1 January 2019	As previously reported S\$'000	Effects of adoption of SFRS(I)16 S\$'000	As at 1 Jan 2019 S\$'000
LIABILITIES			
Trade and other payables	(46,021)	1,507	(44,514)
Lease liabilities	-	(52,606)	(52,606)
Others	(7,749)	-	(7,749)
Current liabilities	(53,770)	(51,099)	(104,869)
Trade and other payables	(6,763)	1,079	(5,684)
Lease liabilities	-	(75,517)	(75,517)
Others	(7,634)	-	(7,634)
Non-current liabilities	(14,397)	(74,438)	(88,835)
Total liabilities	(68,167)	(125,537)	(193,704)
Retained earnings	(46,737)	4,262	(42,475)
Non-controlling interest	(117)	6	(111)
Others	(44,674)	-	(44,674)
Total equity	(91,528)	4,268	(87,260)
Total equity and liabilities	(159,695)	(121,269)	(280,964)

The Group has presented ROU assets that do not meet the definition of investment property within property, plant and equipment in the statement of financial position – i.e. the same line item as it presents underlying assets of the same nature that it owns. ROU assets that are held for rental that meet the definition of investment property are presented within investment properties.

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

	Group		Group	
	4Q 2019	4Q 2018	12M 2019	12M 2018
Basic and diluted earnings per share (cents)	1.17	1.35	4.99	4.75
Weighted average number of shares*	554,813,700	555,163,000	554,970,100	516,215,000

On 27 June 2018, every one share was sub-divided into 483 shares (the "Share Split"). For comparative purposes, the basic and diluted earnings per share have been computed based on the share capital assuming the Restructuring Exercise and Share Split were effected.

* 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	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net asset value per share (cents)	18.44	16.47	10.22	9.57
Number of shares issued at end of financial period	554,813,700	555,163,000	554,813,700	555,163,000

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

OVERVIEW

Statements of Comprehensive Income

4Q 2019 vs 4Q 2018

The Group generated profit before taxation of S\$8.4 million in Q4 2019 as compared to S\$9.1 million in Q4 2018 largely due to new outlets that have yet to contribute positively to operating profit.

Revenue

Group revenue increased by S\$3.3 million or 5.7% from S\$57.0 million in Q4 2018 to S\$60.3 million in Q4 2019.

(a) Revenue contribution from the outlet and mall management segment increased by S\$0.6 million from S\$29.6 million in Q4 2018 to S\$30.2 million in Q4 2019.

(b) Revenue from the food & beverage ("F&B") retail business segment increased by S\$2.7 million from S\$27.4 million in Q4 2018 to S\$30.1 million in Q4 2019. This was mainly attributable to (i) 5 new F&B kiosks at Clementi Mall, Seletar Mall, Great World City, Thomson Plaza and Mahkota Parade, in Malaysia (Malacca) which commenced operations in Q4 2019.

Other Income

Other income decreased by S\$0.9 million or 67.4% from S\$1.4 million in Q4 2018 to S\$0.5 million in Q4 2019 mainly due to sponsorship income given by suppliers.

Cost of Inventories Consumed

Cost of inventories increased by S\$0.6 million or 7.1% from S\$8.6 million in Q4 2018 to S\$9.2 million in Q4 2019 generally in line with the increase in the revenue contribution from the F&B segment.

Staff Costs

Staff costs increased by S\$0.5 million or 5.9% from S\$8.6 million in Q4 2018 to S\$9.1 million in Q4 2019 was mainly due to increase in headcount of management team and new F&B outlets.

Depreciation of Investment Properties, Property, Plant and Equipment

Depreciation charges increased by S\$17.9 million from S\$2.8 million in Q4 2018 to S\$20.7 million in Q4 2019. This was mainly due to depreciation charge in Q4 2019 for the ROU assets classified on investment properties and property, plant and equipment recognised upon the adoption of SFRS(I)16 as described in Section (5) with effect from 1 January 2019.

Property Rentals and Related Expenses

Property rentals and related expenses decreased by S\$16.9 million or 64.0% from S\$26.4 million in Q4 2018 to S\$9.5 million in Q4 2019. This was mainly due to the adoption of SFRS(I)16 with effect from 1 January 2019, whereby the fixed portion of the property rentals are now recognised as depreciation of the ROU assets within property, plant and equipment and investment properties instead of property rentals and related expenses, while the contingent rental continued to be recognised as property rentals and its related expenses.

Distribution and Selling Expenses

Distribution and selling expenses decreased by S\$0.1 million or 48.9% from S\$0.3 million in Q4 2018 to S\$0.2 million in Q4 2019 due to the adoption of SFRS(I)16 with effect from 1 January 2019.

Administrative Expenses

Administrative expenses decreased by S\$0.2 million or 11.7% from S\$1.6 million in Q4 2018 to S\$1.4 million in Q4 2019 due to additional IPO transaction costs of S\$0.3 million expensed off in Q4 2018.

Other Operating Expenses

Other operating expenses decreased by S\$0.1 million or 8.1% from S\$1.2 million in Q4 2018 to S\$1.1 million in Q4 2019.

Finance Income

Finance income remained relatively constant at S\$0.2 million for both Q4 2018 and Q4 2019.

Finance Costs

Finance costs increased by S\$1.3 million from S\$0.1 million in Q4 2018 to S\$1.4 million in Q4 2019 mainly due to interest expenses on lease liabilities recognised with the adoption of SFRS(I)16.

Tax Expense

Tax expenses increased by S\$0.3 million or 17.2% from S\$1.6 million in Q4 2018 to S\$1.9 million in Q4 2019 mainly due to additional tax provided on dividend income remitted into Singapore and additional tax expense arising from non-deductible expenses. The effective tax rates were 22.5% and 17.6% for Q4 2019 and 2018 respectively.

FY 2019 vs FY 2018

The Group generated profit before taxation of S\$34.0 million in FY 2019 as compared to S\$29.4 million in FY 2018.

Revenue

Group revenue increased by S\$13.7 million or 6.1% from S\$223.8 million in FY 2018 to S\$237.5 million in FY 2019. This was mainly due to:-

- (a) Revenue contribution from the outlet and mall management segment increased by S\$7.8 million from S\$112.3 million in FY 2018 to S\$120.1 million in FY 2019. This was mainly attributable to (i) 5 new food courts and 1 coffee shop opened in FY 2019 and (ii) overall revenue growth from most of the food courts and coffee shops, including the food court at Marina Bay Sands which was partially closed from April to July 2018.
- (b) Revenue from the F&B business segment increased by S\$5.9 million from S\$111.5 million in FY2018 to S\$117.4 million in FY 2019. This was mainly attributable to (i) 7 F&B stalls in the food courts and coffee shops, 2 new full-service restaurants and 20 new F&B kiosks opened in FY 2019 and (ii) overall revenue growth from most of the food courts and coffee shops, including food court at Marina Bay Sands which was partially closed from April to July 2018.

Other Income

Other income increased by S\$0.4 million or 7.4% from S\$5.3 million in FY 2018 to S\$5.7 million in FY 2019 mainly attributable to an increase in reimbursement of renovation fees charged to the stall operators arising from the renovation of existing and new food courts.

Cost of Inventories Consumed

Cost of inventories increased by S\$1.8 million or 5.3% from S\$35.1 million in FY 2018 to S\$36.9 million in FY 2019 generally in line with the increase in revenue from F&B retail business.

Staff Costs

Staff costs increased by S\$3.0 million or 8.2% from S\$36.9 million in FY 2018 to S\$39.9 million in FY 2019. This was mainly due to increase in headcount of management team and new F&B outlets and increase in staff incentives as a result of higher profits generated compared to FY 2018.

Depreciation of Investment Properties, Property, Plant and Equipment

Depreciation charges increased by S\$64.7 million from S\$11.9 million in FY 2018 to S\$76.6 million in FY 2019. This was mainly due to depreciation charge in 12M 2019 for the ROU assets classified on investment properties and property, plant and equipment recognised upon the adoption of SFRS(I)16 as described in Section (5) with effect from 1 January 2019.

Property Rentals and Related Expenses

Property rentals and related expenses decreased by S\$62.6 million or 59.5% from S\$105.1 million in FY 2018 to S\$42.5 million in FY 2019. This was mainly due to the adoption of SFRS(I)16 with effect from 1 January 2019, whereby the fixed portion of the property rentals are now recognised as depreciation of the ROU assets within property, plant and equipment and investment properties instead of property rentals and related expenses, while the contingent rental continued to be recognised as property rentals and its related expenses.

Distribution and Selling Expenses

Distribution and selling expenses decreased by S\$1.2 million or 60.1% from S\$2.0 million in FY 2018 to S\$0.8 million in FY 2019 mainly due to the adoption of SFRS(I)16 with effect from 1 January 2019.

Administrative Expenses

Administrative expenses decreased by S\$1.3 million or 20.2% from S\$6.3 million in FY 2018 to S\$5.0 million in FY 2019 mainly due to IPO transaction costs being expensed off in FY 2018.

Other Operating Expenses

Other operating expenses increased by S\$1.4 million or 51.0% from S\$2.6 million in FY 2018 to S\$4.0 million in FY 2019 mainly due to (i) write off of plant and equipment of S\$0.1 million, (ii) delivery services charges of S\$0.4 million, (iii) loss on disposal of plant and equipment of S\$0.1 million and (iv) a tax-deductible bursary contribution of S\$0.5 million to a tertiary institution for the financially disadvantaged students.

Finance Income

Finance income increased by S\$0.5 million from S\$0.4 million in FY 2018 to S\$0.9 million in FY 2019 was mainly due to interest earned on time deposits placed with bank.

Finance Costs

Finance costs increased by S\$4.1 million from S\$0.3 million in FY 2018 to S\$4.4 million in FY 2019 mainly due to interest expenses on lease liabilities recognised with the adoption of SFRS(I)16.

Tax Expense

Tax expenses increased by S\$1.1 million or 23.6% from S\$5.0 million in FY 2018 to S\$6.1 million in FY 2019 due to deferred tax expenses of S\$0.2 million recognized in FY 2019 and additional tax expense arising from non-deductible expenses. The effective tax rates were 18.0% and 16.8% for FY 2019 and 2018.

(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 2018 and 31 December 2019.

Non-Current Assets

As at 31 December 2019, non-current assets increased by S\$190.4 million from S\$52.1 million to S\$242.5 million. The increase was due to (i) increase in investment properties by S\$6.1 million from S\$13.8 million as at 31 December 2018 to S\$19.9 million as at 31 December 2019, a result of the recognition of ROU assets (ii) increase in property, plant and equipment by S\$188.6 million from S\$21.4 million as at 31 December 2018 to S\$210.0 million as at 31 December 2019, for the additions to property, plant and equipment of S\$18.2 million for the renovations, kitchen equipment and furniture and fittings purchased with the opening of new F&B outlets and self-operated F&B stalls in FY2019, and the recognition of ROU assets of S\$170.4 million, with corresponding decrease in lease prepayment of the land premium for the integrated facility of S\$3.7 million as at 31 December 2019 and (iii) deferred tax assets of S\$0.5 million arising from the timing difference of actual lease payment and depreciation of ROU assets.

The increase was partially offset by (i) decrease in associate and partnership of S\$0.3 million. The associate refers to Woodlands 548 Foodcourt Pte Ltd, which is consolidated as a subsidiary of the Group from 1 August 2019, with a shareholding of 50% and (ii) decrease in trade and other receivables of S\$0.9 million relating to refundable deposits placed with landlords.

Current Assets

As at 31 December 2019, current assets decreased by S\$1.2 million from S\$107.6 million to S\$106.4 million mainly due to decrease in cash and equivalents and time deposit by S\$1 million and decrease in trade and other receivables of S\$0.2 million.

Non-Current Liabilities

Non-current liabilities increased by S\$118.9 million from S\$14.4 million as at 31 December 2018 to S\$133.3 million as at 31 December 2019. The increase was mainly due to (i) the recognition of lease liabilities of S\$117.6 million with the adoption of SFRS(I)16 as at 31 December 2019 (ii) provision for reinstatement cost of S\$0.8 million, (iii) increase in rental deposit paid to landlord by S\$0.6 million and (iv) increase in deferred tax liabilities by S\$0.1 million. The increase is partially offset by decrease in loan and borrowing of S\$0.3 million.

Current Liabilities

Current liabilities increased by S\$58.8 million from S\$53.8 million as at 31 December 2018 to S\$112.6 million as at 31 December 2019.

The increase was mainly due to (i) the recognition of lease liabilities of S\$63.3 million with the adoption of SFRS(I)16 as at 31 December 2019, (ii) increase in loan and borrowings of S\$0.2 million as progressive loan were financed by bank, (iii) increase in provision for reinstatement cost of S\$0.2 million, partially offset by decrease in trade and other payables of S\$4.8 million from S\$46.0 million as at 31 December 2018 to S\$41.2 million as at 31 December 2019.

The decrease in trade and other payable of S\$4.8 million are mainly due to the (i) repayment of loan from fellow subsidiary of immediate and ultimate holding company of S\$5.7 million, (ii) S\$1.5 million relates to decrease in accrued lease rental which were offset against retained earnings in accordance with SFRS(I)16 and partially offset by increase in payable for purchase of property, plant and equipment of S\$2.3 million.

Statement of Cash Flows

Q4 2019 vs Q4 2018

The Group generated net cash flows from operating activities in Q4 2019 of S\$30.2 million, a result of operating profit before working capital changes of S\$30.7 million and income taxes paid of S\$0.5 million. Net cash generated from operating activities before working capital changes of S\$30.7 million in Q4 2019 increased, as compared to that of S\$12.4 million in Q4 2018, mainly due to the non-cash adjustment for depreciation of property, plant and equipment and depreciation of investment properties arising from the adoption of SFRS(I)16.

Net cash flows used in investing activities in Q4 2019 amount to S\$10.7 million, was mainly attributable to the purchase of property, plant and equipment of S\$10.7 million and a time deposit of S\$1.6 million placed with the bank, partially offset by net of cash acquired of S\$1.1 million.

Net cash flows used in financing activities in Q4 2019 amount to S\$22.6 million, was attributable to the cash outflows from (i) the payment of interest and lease liabilities of S\$1.3 million and S\$16.0 million respectively, (ii) repayment of loans and borrowings and loans from fellow subsidiary of immediate and ultimate holding company of S\$0.2 million and S\$5.1 million respectively.

FY 2019 vs FY 2018

The Group generated net cash flows from operating activities in FY 2019 of S\$110.1 million, a result of operating profit before working capital changes of S\$115.3 million, adjusted for net working capital inflows of S\$0.9 million and income taxes paid of S\$6.1 million.

Net cash flows generated from investing activities in FY 2019 amount to S\$6.1 million, was mainly attributable to the cash inflows from (i) withdrawal of time deposits placed with bank of S\$30.4 million, (ii) interest received from the time deposits placed with bank of S\$0.8 million, (iii) proceeds from disposal of property, plant and equipment of S\$0.5 million and (iv) net investment received from associate of S\$0.2 million, (v) net of cash acquired of S\$1.1 million, partially offset by purchase of property, plant and equipment of S\$26.9 million for the expansion and renovation of outlets and for the construction of HQ and central kitchen.

Net cash flows used in financing activities in FY 2019 amount to S\$86.8 million, was attributable to the cash outflows from (i) the payment of interest and lease liabilities of S\$4.3 million and S\$64.4 million respectively, (ii) repayment of loans and borrowings and loans from fellow subsidiary of immediate and ultimate holding company of S\$0.5 million and S\$5.7 million respectively, (iii) dividend paid to equity shareholders of S\$12.2 million, (iv) purchase of treasury shares of S\$0.2 million, partially offset by capital contribution from non-controlling interest of S\$0.2 million and proceeds from loans and borrowings of S\$0.5 million.

(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 food and beverage ("F&B") industry is currently fraught with challenges brought about by the COVID-19 outbreak, which impacted the business of the Group's food courts at Sands Cotai, Macau and Marina Bay Sands, Singapore which are largely patronised by tourists. Locally, consumers have also cut down on dining out, and offices were half closed as employees start working from home.

Notwithstanding the near term challenges in relation to the COVID-19 outbreak, the Group expects to remain competitive as it continues its productivity efforts. The Group will remain vigilant and explore various strategies to support and reinforce its relationships with stakeholders.

The Group secured and opened two coffee shops in Q1 2020 and has further secured two food courts leases, one of which is in Macau, both expected to be opened in FY 2020.

With the expansion of tea beverage brands in Singapore, the Group opened five new locations in Q4 2019, including one in Malacca, Malaysia and has further secured two new locations to-date for the *R&B Tea* outlets in Singapore, both of which are targeted to open by Q2 2020. The Group will further expand the tea beverage brands in Indonesia in FY 2020 and will continue to explore working with partners to operate its brands regionally.

The construction of the Group's integrated facility has commenced in Q4 2018 and is expected to obtain its temporary occupation permit by 1H 2020.

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

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

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

Name of Dividend	Final
Dividend Type	Cash
Dividend Amount per Share	1.5 cent per ordinary share
Tax rate	Tax-exempt (one-tier)

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

1.2 cent per ordinary share.

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

The dividend is tax exempt.

(d) The date the dividend is payable.

The proposed final dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be held on 24 April 2020, will be paid on 20 May 2020.

(e) Record date

The Share Transfer Books and Register of Members of Koufu Group Limited (the "Company") will be closed on 11 May 2020, 5.00 p.m. for the purpose of determining the entitlements of the Company's shareholders ("Shareholders") to the proposed final one-tier tax-exempt dividend of 1.5 cent per ordinary share for the financial year ended 31 December 2019 ("Proposed Final 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 11 May 2020 will be registered to determine Shareholders entitlements to the Proposed Final Dividend. Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited ("CDP") are credited with shares of the Company as at 5.00 p.m. on 11 May 2020, will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved by the shareholders at the Annual General Meeting to be held on 24 April 2020, will be paid on 20 May 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 24 April 2019. Details of the IPTs were disclosed in pages 20 to 29 of the Circular dated 9 April 2019.

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)	
		3 months ended 31 December 2019	12 months ended 31 December 2019	3 months ended 31 December 2019	12 months ended 31 December 2019
		S\$'000	S\$'000	S\$'000	S\$'000
Abundance Realty Pte Ltd					
(i) 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	-	-	804	3,216
(ii) Outdoor refreshment area fees and conservancy and service charges (paid on behalf) ⁽²⁾		-	-	47	190
(iii) Repayment of loan interest ⁽³⁾		29	161	-	-
Great Solutions Pte Ltd	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	-	-	115	521
Dishwashing, cleaning, landscaping and vector control services ⁽⁴⁾					
Brightlink Electrical Pte Ltd	Brightlink Electrical Pte Ltd, 50% owned by Mr Pang Pong San, sibling of Mr Pang Lim	-	-	18	113
Provision of renovation works and other general electrical works ⁽⁵⁾					

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) Outdoor refreshment area fees and conservancy and service charges which are paid by Abundance Realty Pte Ltd ("Abundance") to HDB and town councils in relation to the one food court and five coffee shops leased from Abundance are reimbursed by the Group to Abundance at cost on a monthly basis.
- (3) As disclosed in our Group's Prospectus dated 11 July 2018, our Group obtained a loan of S\$6.9 million from Abundance to finance the coffee shop property at 18 Jalan Membina after the entire loan amount was repaid to the bank pursuant to the restructuring. In turn, Abundance had obtained a 96-month term loan of S\$ 6.9 million from DBS Bank Ltd on 28 September 2017 under which monthly repayments are made by them. The rate of interest on the loan from Abundance to our Group is in accordance with the rate of interest of the bank facility granted by DBS Bank Ltd to Abundance. The Group had on 1 November 2019, made a partial repayment of the term loan amounting to S\$5 million to Abundance. As at 31 December 2019, the remaining loan balance owing to Abundance is S\$0.1 million.
- (4) As disclosed in our Group's Circular to Shareholders dated 9 April 2019, 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.
- (5) As disclosed in our Group's IPO Prospectus, our Group obtains electrical services from Brightlink Electrical Pte Ltd in connection with renovation works and other general electrical works at our F&B Outlets.

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

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

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

(15) Use of IPO proceeds

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

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

	Allocated	Utilised	Balance
	S\$'000	S\$'000	S\$'000
Capital expenditure for integrated facility	30,000	(12,335)	17,665
Refurbishment and renovation of new and existing F&B Outlets	8,000	(7,700)	300
Acquisitions, joint ventures, strategic alliances or investments	5,000	-	5,000
Listing expenses	2,500	(2,500)	-
Total	45,500	(22,535)	22,965

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

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

(a) By Business Segments

	Outlet and mall management business \$'000	F&B retail business \$'000	Others \$'000	Total \$'000
2019				
External revenues	120,090	117,417	–	237,507
Inter-segment revenue	1,578	–	684	2,262
Finance income	5	–	-	5
Finance costs	(3,744)	(308)	(381)	(4,433)
Depreciation and amortisation	(70,929)	(5,874)	(1)	(76,804)
Reportable segment profit before tax	18,409	25,941	(11,458)	32,892
Other material non-cash items:				
- (Loss)/Gain on disposal of property, plant and equipment	(145)	25	-	(120)
- Write off of property, plant and equipment	(21)	(80)	-	(101)
- Gain on lease modification	35	64	-	99
-(Impairment loss)/Reversal of impairment loss on trade receivables, net	(259)	12	-	(247)
- Reversal of impairment loss on investment properties	86	-	-	86
- Impairment loss on property, plant & equipment	(1,034)	(43)	-	(1,077)
Reportable segment assets	233,665	18,313	1,581	253,559
Capital expenditure	26,276	3,034	-	29,310
Reportable segment liabilities	210,089	20,878	8,929	239,896

	Outlet and mall management business \$'000	F&B retail business \$'000	Others \$'000	Total \$'000
2018				
External revenues	112,317	111,523	–	223,840
Inter-segment revenue	199	–	2,469	2,668
Finance income	2	36	41	79
Finance costs	–	(6)	(274)	(280)
Depreciation and amortisation	(10,610)	(1,426)	–	(12,036)
Reportable segment profit before tax	15,683	22,565	(7,859)	30,389
Other material non-cash items:				
- Gain on disposal of property, plant and equipment	120	176	–	296
- Write off of property, plant and equipment	(64)	(199)	–	(263)
- Write back of impairment loss on trade receivables	33	–	–	33
- Impairment loss on trade receivables	(325)	–	–	(325)
- Bad trade receivables written off	(12)	–	–	(12)
- Impairment loss on property, plant & equipment	(1,017)	–	–	(1,017)
- Reversal of impairment loss on investment properties	485	-	-	485
Reportable segment assets	58,611	3,599	1,244	63,454
Capital expenditure	20,415	1,889	2	22,306
Reportable segment liabilities	36,337	11,792	14,015	62,144

(b) By Geographical Segments

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

Revenue	Group			
	FY2019 S\$'000	%	FY2018 S\$'000	%
Singapore	217,585	91.6	204,526	91.4
Overseas	19,922	8.4	19,314	8.6
Total	237,507	100.0	223,840	100.0

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

	Group		
	FY2019 S\$'000	FY2018 S\$'000	Increase/ (Decrease) %
Revenue reported for:			
(a) First half of the financial year	115,860	109,227	6.1%
(b) Second half of the financial year	121,647	114,613	6.1%
	237,507	223,840	6.1%
Profit attributable to owners of the Company reported for:			
(a) First half of the financial year	14,113	12,355	14.2%
(b) Second half of the financial year	13,575	12,154	11.7%
	27,688	24,509	13.0%

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

	Group	
	FY2019 S\$'000	FY2018 S\$'000
Ordinary Dividends		
Interim dividends	5,548	18,052
Final dividends ⁽¹⁾	8,322	6,662
Dividends paid to the then-existing owners of sole-proprietors and partnership	-	2,081
	13,870	26,975

Note:

⁽¹⁾ The proposed final one-tier tax exempt dividends in respect of FY2019 is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Ms. Ng Lian Leck	45	Sister of Mdm Ng Hoon Tien (Director and substantial shareholder)	Head of Procurement since FY 2002	No change

BY ORDER OF THE BOARD

Pang Lim
Executive Chairman and Chief Executive Officer

28 February 2020

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