

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE HALF YEAR ENDED 31 MARCH (“1H FY”) 2021**

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

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

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PART 1 – INFORMATION REQUIRED FOR QUARTERLY, HALF-YEAR AND FULL-YEAR ANNOUNCEMENTS

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Increase/ (Decrease) %
	1H FY2021 \$'000	1H FY2020 \$'000	
Revenue	45,407	66,691	(31.9)
Cost of sales	(16,954)	(24,973)	(32.1)
Gross profit	28,453	41,718	(31.8)
Other income	3,327	3,631	(8.4)
Employee benefits expense	(17,576)	(22,832)	(23.0)
Operating lease expenses	(630)	(2,548)	(75.3)
Utilities expenses	(1,517)	(1,893)	(19.9)
Depreciation and amortisation:			
- Property, plant and equipment	(3,584)	(3,300)	8.6
- Right-of-use assets	(6,028)	(4,607)	30.8
- Intangible assets	(14)	(14)	-
Interest expense:			
- Leases	(386)	(328)	17.7
- Loans	(58)	(23)	N.M.
Other operating expenses	(5,867)	(7,987)	(26.5)
Share of results of associates	(344)	(169)	103.6
(Loss)/Profit before tax	(4,224)	1,648	N.M.
Income tax expense	(36)	(662)	(94.6)
(Loss)/Profit for the period	(4,260)	986	N.M.
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of foreign operations	282	483	(41.6)
Other comprehensive income for the period, net of tax	282	483	(41.6)
Total comprehensive (loss)/income for the period	(3,978)	1,469	N.M.
(Loss)/Profit attributable to:			
Owners of the Company	(4,288)	2,123	N.M.
Non-controlling interests	28	(1,137)	N.M.
	(4,260)	986	N.M.
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(4,020)	2,532	N.M.
Non-controlling interests	42	(1,063)	N.M.
	(3,978)	1,469	N.M.

N.M.: Not meaningful

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

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

	Group		
	1H FY2021 \$'000	1H FY2020 \$'000	Increase/ (Decrease) %
<u>Material items included in other income:</u>			
Fair value gain/(loss) on short-term investments	135	(80)	N.M.
Fair value gain/(loss) on investments at fair value through profit or loss	166	(462)	N.M.
Government grants	27	8	N.M.
Government Wage Credit Scheme	208	308	(32.5)
Government Jobs Support Scheme	1,724	3,006	(42.6)
Interest income	12	165	(92.7)
Loss on property, plant and equipment written off	-	(350)	(100.0)
Membership rewards fee	216	288	(25.0)
Management fee received from associates	66	151	(56.3)
Rental rebates	520	-	100.0
<u>Material items included in other operating expenses:</u>			
Cleaning supplies and services	(1,090)	(1,622)	(32.8)
Credit card commission	(497)	(896)	(44.5)
Delivery commission	(314)	(84)	N.M.
General supplies	(926)	(1,170)	(20.9)
Insurance	(284)	(252)	12.7
Marketing expenses	(611)	(748)	(18.3)
Professional fees	(448)	(640)	(30.0)
Transportation and travelling expenses	(238)	(458)	(48.0)
Depreciation and amortisation of			
- Property, plant and equipment	(3,584)	(3,300)	8.6
- Right-of-use assets	(6,028)	(4,607)	30.8
- Intangible assets	(14)	(14)	-
(Under)/Over provision of tax in respect of prior years	(329)	237	N.M.

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	
	As at 31 Mar 2021 \$'000	As at 30 Sep 2020 \$'000	As at 31 Mar 2021 \$'000	As at 30 Sep 2020 \$'000
ASSETS				
Current assets				
Cash and cash equivalents	28,268	27,745	12,529	12,858
Trade and other receivables	10,254	11,141	27	18
Short-term investments	478	343	-	-
Inventories	1,689	2,406	-	-
Total current assets	40,689	41,635	12,556	12,876
Non-current assets				
Due from subsidiaries	-	-	29,938	29,591
Investment in associates	834	1,178	-	-
Investment in subsidiaries	-	-	5,424	5,424
Other investments	325	325	-	-
Investments at fair value through profit or loss	3,275	3,109	-	-
Goodwill	2,671	1,621	-	-
Intangible assets	203	217	-	-
Right-of-use assets	17,552	23,308	-	-
Property, plant and equipment	21,612	23,554	-	-
Club memberships	238	238	-	-
Other non-current assets	2,445	817	-	-
Total non-current assets	49,155	54,367	35,362	35,015
Total assets	89,844	96,002	47,918	47,891
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	8,808	9,190	244	301
Provision for reinstatement costs	2,005	1,989	-	-
Lease liabilities	11,195	11,767	-	-
Bank borrowings	1,902	1,584	-	-
Income tax payable	-	356	-	-
Total current liabilities	23,910	24,886	244	301
Non-current liabilities				
Lease liabilities	7,584	12,871	-	-
Bank borrowings	4,710	549	-	-
Deferred tax liability	16	370	-	-
Total non-current liabilities	12,310	13,790	-	-
Capital and reserves				
Share capital	49,121	48,806	49,121	48,806
Treasury shares	(405)	(438)	(405)	(438)
Currency translation reserve	1	(191)	-	-
Merger reserve	(2,828)	(2,828)	-	-
Retained earnings/ (Accumulated losses)	5,706	9,994	(1,042)	(778)
Equity attributable to owners of the Company	51,595	55,343	47,674	47,590
Non-controlling interests	2,029	1,983	-	-
Total equity	53,624	57,326	47,674	47,590
Total liabilities and equity	89,844	96,002	47,918	47,891

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Group			
	31 Mar 2021		30 Sep 2020	
	Secured \$	Unsecured \$	Secured \$	Unsecured \$
Borrowings – Bank loans				
Amount repayable in one year or less, or on demand	1,902	-	1,584	-
Amount repayable after one year	4,710	-	549	-
	<u>6,612</u>	<u>-</u>	<u>2,133</u>	<u>-</u>

The Company has provided corporate guarantees in respect of the above bank loans provided to subsidiaries.

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.

	Group	
	1H FY2021	1H FY2020
	\$'000	\$'000
Operating activities		
(Loss)/Profit before income tax	(4,224)	1,648
Adjustments for:		
Depreciation expense	3,584	3,300
Depreciation of right-of-use assets	6,028	4,607
Amortisation of intangible assets	14	14
Interest expense: leases	386	328
Interest income	(12)	(165)
Interest expense: loans	58	23
Loss on property, plant and equipment written off	-	350
Gain on disposal of property, plant and equipment	-	(9)
Fair value (gain)/loss on investments at fair value through profit or loss	(166)	462
Fair value (gain)/loss on short-term investments	(135)	80
Share of results of associates	344	169
Share-based payment expense	33	168
Unrealised foreign exchange gain	222	412
Operating cash flows before movements in working capital	<u>6,132</u>	<u>11,387</u>
Trade and other receivables	887	(1,403)
Inventories	717	(345)
Trade and other payables	<u>(382)</u>	<u>(7,405)</u>
Cash generated from operations	7,354	2,234
Interest income received	12	165
Interest paid	(444)	(351)
Income tax paid	(746)	(1,129)
Net cash from operating activities	<u>6,176</u>	<u>919</u>
Investing activities		
Acquisition of property, plant and equipment	(1,642)	(6,285)
Reduction of shares under associates	-	150
Acquisition of investment in a subsidiary	(735)	-
Acquisition of treasury shares	-	(159)
Additions to non-current assets	(1,628)	-
Proceeds from disposal of property, plant and equipment	-	9
Acquisition of business assets	-	(952)
Reinstatement cost paid	-	(26)
Net cash used in investing activities	<u>(4,005)</u>	<u>(7,263)</u>

Financing activities

Dividend paid to owners of the Company	-	(4,485)
Proceeds from bank borrowings	5,000	-
Repayment of bank borrowings	(521)	-
Repayment of lease obligations	(6,131)	(4,391)
Capital contribution from non-controlling interest in subsidiaries	4	540
Net cash used in financing activities	<u>(1,648)</u>	<u>(8,336)</u>
Net increase/(decrease) in cash and cash equivalents	523	(14,680)
Cash and cash equivalents at beginning of the period	27,745	46,575
Effect of foreign exchange rate changes	-	(4)
Cash and cash equivalents at end of the period	<u><u>28,268</u></u>	<u><u>31,891</u></u>

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group (\$'000)	Share capital	Treasury shares	Currency translation reserve	Merger reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
Balance at 1 October 2019	48,806	(447)	(521)	(2,828)	23,070	68,080	3,239	71,319
Total comprehensive income for the period:								
Profit for the period	-	-	-	-	2,123	2,123	(1,137)	986
Other comprehensive income	-	-	409	-	-	409	74	483
Transactions with owners, recognised directly in equity:								
Repurchase of shares	-	(159)	-	-	-	(159)	-	(159)
Transfer of shares	-	168	-	-	-	168	-	168
Capital contribution from non-controlling interest in a subsidiary	-	-	-	-	-	-	540	540
Dividend paid	-	-	-	-	(4,485)	(4,485)	-	(4,485)
Balance at 31 March 2020	48,806	(438)	(112)	(2,828)	20,708	66,136	2,716	68,852
Balance at 1 October 2020	48,806	(438)	(191)	(2,828)	9,994	55,343	1,983	57,326
Total comprehensive income for the period:								
Loss for the period	-	-	-	-	(4,288)	(4,288)	28	(4,260)
Other comprehensive income	-	-	192	-	-	192	14	206
Transactions with owners, recognised directly in equity:								
Issuance of shares	315	-	-	-	-	315	-	315
Transfer of shares	-	33	-	-	-	33	-	33
Capital contribution from non-controlling interest in a subsidiary	-	-	-	-	-	-	4	4
Balance at 31 March 2021	49,121	(405)	1	(2,828)	5,706	51,595	2,029	53,624

Company (\$'000)	Share capital	Treasury shares	Retained earnings	Total
Balance at 1 October 2019	48,806	(447)	4,183	52,542
Total comprehensive loss for the period:				
Loss for the period	-	-	(241)	(241)
Transactions with owners, recognised directly in equity:				
Repurchase of treasury shares	-	(159)	-	(159)
Transfer of treasury shares	-	168	-	168
Dividend paid	-	-	(4,485)	(4,485)
Balance at 31 March 2020	48,806	(438)	(543)	47,825
Balance at 1 October 2020	48,806	(438)	(778)	47,590
Total comprehensive loss for the period:				
Loss for the period	-	-	(264)	(264)
Transactions with owners, recognised directly in equity:				
Issuance of shares	315	-	-	315
Reissue of treasury shares	-	33	-	33
Balance at 31 March 2021	49,121	(405)	(1,042)	47,674

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

On 5 January 2021, the Company allotted and issued 882,352 new ordinary shares in satisfaction of the first tranche of the consideration for the acquisition of 75% of the issued and paid-up share capital of Kok Kee Wanton Noodle Pte Ltd.

There were no outstanding convertibles and subsidiary holdings held by the Company as at 31 March 2021 and 31 March 2020.

The number of shares held as treasury shares by the Company as at 31 March 2021 and 31 March 2020 were 1,338,100 and 1,451,000, respectively, representing 0.21% and 0.23%, respectively, of the total number of shares outstanding that was listed as at the respective dates.

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

	As at 31 March 2021	As at 30 September 2020
Total number of issued shares excluding treasury shares	641,377,252	640,386,400

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

	Number of Treasury Shares	
	As at 31 March 2021	As at 30 September 2020
Balance at beginning of financial period/year	1,446,600	1,144,800
Purchase of treasury shares	-	731,400
Transfer of treasury shares	(108,500)	(429,600)
Balance at end of financial period/year	1,338,100	1,446,600

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

Not applicable as there are no subsidiary shareholdings.

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

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

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

Not applicable.

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

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
 (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group’s financial statements for the half year ended 31 March 2021 (“**1H FY2021**”) as its most recently audited financial statements for the financial year ended 30 September 2020, except as disclosed in paragraph 5.

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 has adopted the same accounting policies and methods of computation in the financial statements for 1H FY2021 as those of the audited financial statements for FY2020, as well as applicable new and revised Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) which became effective for financial year beginning on or after 1 October 2020. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period.

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:-

Earnings per share (“EPS”)

	Group	
	1H FY2021	1H FY2020
(Loss)/Profit attributable to owners of the Company (\$’000)	(4,288)	2,123
Weighted average number of shares (’000)	641,081	640,738
Basic and diluted EPS (cents)	(0.7)	0.3

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital excluding treasury shares of the issuer at the end of the:-

- (a) Current financial period reported on; and
 (b) Immediately preceding financial year.

Net asset value (“NAV”)

	Group		Company	
	As at		As at	
	31 Mar 2021	30 Sep 2020	31 Mar 2021	30 Sep 2020
NAV (\$’000)	51,595	55,343	47,674	47,590
Number of shares (’000)	641,377	640,386	641,377	640,386
NAV per share (cents)	8.0	8.6	7.4	7.4

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Business environment in 1H FY2021 remained challenging, particularly for the Group's key market, Singapore, as COVID-19 lingered on. Safe-distancing measures and default work-from-home arrangements continued to affect the Group's Singapore operations due to limitations to restaurant capacity and dine-in footfall. In addition, borders stayed closed except for limited essential travels, which continued to affect food and beverage ("F&B") players like the Group, which relied on tourists as one of its main sources of customer flow.

Furthermore, as the COVID-19 situation in Singapore only escalated after Chinese New Year in 2020, the Group's performance for the half year ended 31 March 2020 ("1H FY2020") was cushioned by the higher revenue arising from the pre-COVID-19 festive season, which further underscores the Group's lower 1H FY2021 revenue as this year's COVID-19 plagued Chinese New Year's sales paled in comparison.

To diversify the Group's concentration away from its main concepts, namely JUMBO Seafood and Zui Teochew Cuisine, and increase the wallet share from the local mass market, the Group introduced new proprietary and its first virtual concept, HACK IT, in November 2020 to capture the stay-home, small families, and younger audience. In December 2020, the Group executed its first acquisition post listing, bringing the well-known Kok Kee Wonton Noodle under the Group's portfolio. The two strategic moves brought in incremental revenue, which marginally offset the weakness in revenue from the main concepts. Consequentially, revenue from Singapore dipped 51.6% to \$26.3 million in 1H FY2021.

In the People's Republic of China ("PRC"), consumer sentiments and way-of-life in the first-tier cities where the Group operates have reverted to a level much closer to pre-COVID-19. Year-on-year ("YoY"), revenue for PRC improved by 66.9%. Including Taiwan, revenue outside Singapore amounted to \$19.1 million for 1H FY2021, an increase of 53.9% from 1H FY2020. This helped to partially offset the decrease in revenue from Singapore, resulting in an overall decline in the Group's revenue by 31.9% or \$21.3 million to \$45.4 million in 1H FY2021.

Cost of sales

Cost of sales, which comprised raw materials and consumables, decreased by 32.1% or \$8.0 million, from \$25.0 million in 1H FY2020 to \$17.0 million in 1H FY2021, in-line with the decrease in revenue.

Gross profit

Gross profit fell to \$28.5 million in 1H FY2021, a decrease of 31.8% or \$13.2 million compared to 1H FY2020. Gross profit margin was relatively stable at 62.7% in 1H FY2021 as compared with 62.6% in 1H FY2020.

Other income

Other income fell by \$0.3 million or 8.4%, to \$3.3 million in 1H FY2021. This was primarily due to the lower grants received under the Jobs Support Scheme ("JSS") offered by the Singapore government due to the COVID-19 pandemic, as the government gradually tapered the level of grants provided to the F&B sector from the second half of calendar year 2020, coupled with the Group's decreasing eligible headcount throughout the year. Correspondingly, the JSS grants decreased by \$1.3 million to \$1.7 million in 1H FY2021. This was partially offset by rental rebates of \$0.5 million and fair value gain of \$0.2 million on investments at fair value through profit or loss, from a loss of \$0.5 million in 1H FY2020.

Employee benefits expense

Employee benefits expense decreased by 23.0% or \$5.3 million, from \$22.8 million in 1H FY2020 to \$17.6 million in 1H FY2021, mainly attributed to the reduction in average headcount from 1,079 in 1H FY2020 to 916 in 1H FY2021 due to natural attrition without replacement, and cost saving measures undertaken by the Group due to the COVID-19 pandemic, including elimination of bonus, temporary pay reduction and lower overtime pay due to shorter operating hours.

Operating lease expenses

Operating lease expenses decreased by 75.3% or \$1.9 million, from \$2.5 million in 1H FY2020 to \$0.6 million in 1H FY2021, mainly due to a decrease in variable lease component of \$0.9 million, in line with the lower level of revenue generated at the restaurants in Singapore, and the renewal of leases for three outlets in Taipei, Shanghai and Beijing, respectively, and the Group's PRC head office in Shanghai in 1H FY2021, which were capitalised and then depreciated across the lease term.

Utilities expenses

Utilities expenses decreased by 19.9% or \$0.4 million, from \$1.9 million in 1H FY2020 to \$1.5 million in 1H FY2021, mainly due to the shorter operating hours and lower revenue generated during the period.

Depreciation expense

Depreciation expense of property, plant and equipment increased by 8.6% or \$0.3 million, from \$3.3 million in 1H FY2020 to \$3.6 million in 1H FY2021, due to the completion of renovation works at our central kitchen and JUMBO Seafood outlet at East Coast Seafood Centre in October 2020.

Depreciation expense for right-of-use assets increased by 30.8% or \$1.4 million from \$4.6 million in 1H FY2020 to \$6.0 million in 1H FY2021, mainly due to the renewal of leases as explained above.

Interest expense

Interest expense under leases increased by 17.7% or \$60,000, from \$0.33 million in 1H FY2020 to \$0.39 million in 1H FY2021 due to renewal of leases in 1H FY2021. Interest expense under loans increased by \$35,000, from \$23,000 in 1H FY2020 to \$58,000 in 1H FY2021 due to higher bank loans.

Other operating expenses

Other operating expenses decreased by 26.5% or \$2.1 million, from \$8.0 million in 1H FY2020 to \$5.9 million in 1H FY2021, in line with the lower revenue generated during the period coupled with cost rationalisation.

Share of results of associates

The share of loss in associates in 1H FY2021 of \$0.3 million was largely contributed by the under-performance of Ng Ah Sio Bak Kut Teh outlets in Taiwan and Singapore Seafood Republic outlet at Sentosa Singapore.

Income tax expense

Income tax expense decreased by 94.6% or \$0.62 million, from \$0.66 million in 1H FY2020 to \$36,000 in 1H FY2021, largely due to the under-performance of the Group as a result of the COVID-19 pandemic.

(Loss)/Profit attributable to owners of the Company

As a result of the above, loss attributable to owners of the Company stood at \$4.3 million for 1H FY2021 as compared to a profit of \$2.1 million in 1H FY2020.

REVIEW OF THE GROUP'S FINANCIAL POSITION

Current assets

The Group's current assets decreased by \$1.0 million to \$40.7 million as at 31 March 2021. Due to lower revenue, inventories fell by \$0.7 million, while trade and other receivables decreased by \$0.9 million. The latter declined also as a result of the lower JSS grants from the Singapore government. This was partially offset by an increase in cash and cash equivalents of \$0.5 million.

Non-current assets

The Group's non-current assets decreased by \$5.2 million, from \$54.4 million as at 30 September 2020 to \$49.2 million as at 31 March 2021, largely due to a decrease in right-of-use assets of \$5.8 million and property, plant and equipment of \$1.9 million, mainly resulting from depreciation, and a decline in investments in associates due to the share of losses. This was partially offset by an increase in intangible assets and goodwill of \$1.1 million mainly due to the acquisition of Kok Kee Wonton Noodle, and an increase in other non-current assets by \$1.6 million mainly from prepayment made for purchases of equipment and renovation of new outlets, which will be capitalised once outlets are operational.

Current liabilities

The Group's current liabilities decreased by \$1.0 million to \$23.9 million as at 31 March 2021 mainly due to a decrease in trade and other payables of \$0.4 million on the back of lower purchases due to muted business volume, a decrease in lease liabilities of \$0.6 million and absence of income tax payable of \$0.4 million; which was partially offset by an increase in bank borrowings of \$0.3 million.

Non-current liabilities

The Group's non-current liabilities decreased by \$1.5 million to \$12.3 million as at 31 March 2021 mainly due to decreases in lease liabilities of \$5.3 million from depreciation and deferred tax liability of \$0.4 million due to operating losses; and partially offset by an increase in bank borrowings of \$4.2 million.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

The Group generated net cash from operating activities before movements in working capital of \$6.1 million for 1H FY2021. The lower cashflow was predominantly due to lower revenue generated for the period, partially offset by the higher positive adjustment on depreciation for right-of-use assets due to the various renewed leases capitalised during the period. Net cash generated from working capital amounted to \$1.2 million due to a decrease in trade and other payables of \$0.4 million, a decrease in trade and other receivables of \$0.9 million and a decrease in inventories of \$0.7 million. Including the \$0.8 million paid in income tax and \$0.4 million paid in interest, net cash generated from operating activities was \$6.2 million for 1H FY2021.

Net cash used in investing activities amounted to \$4.0 million mainly due to the acquisition of property, plant and equipment of \$1.6 million, of which \$0.4 million was for renovation of our central kitchen and \$0.5 million was payment for our new enterprise resource planning system. Cash outlay for the acquisition of Kok Kee Wanton Noodle amounted to \$0.7 million while purchase of non-current assets amounted to \$1.6 million.

Net cash used in financing activities for 1H FY2021 of \$1.6 million was mainly for the repayment of lease obligations of \$6.1 million and bank borrowings of \$0.5 million. This was offset by the drawdown of bank borrowings of \$5.0 million in October 2020.

As a result, cash and cash equivalents increased by \$0.5 million to \$28.3 million as at 31 March 2021.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Since early May 2021, Singapore has tightened COVID-19 control measures, after a sudden spike in locally transmitted cases. This was a clear demonstration that the journey to the recovery from this pandemic continues to be full of uncertainties as even Singapore, which topped Bloomberg's COVID-19 Resilience Ranking in April 2021, had to be on top of surveillance and react swiftly at any signs of deterioration of the pandemic situation.

Specifically in Singapore, the Group's key market, with no clear indication of when borders can re-open, and traveller flow rejuvenated, the Group recognised that business volumes at its JUMBO Seafood restaurants and Ng Ah Sio Bak Kut Teh ("NASBKT") outlets are unlikely to revert to levels anywhere near the pre-pandemic levels. To conserve resources and ensure sustainability, the Group had to rationalise our outlet network in Singapore. As at 14 May 2021, the Group had ceased operations of JUMBO Seafood outlet at Riverwalk, and the two NASBKT outlets situated in the tourist belt, namely Resort World Sentosa and Marina Bay Sands ("MBS").

For Zui Teochew Cuisine, business has been equally challenging despite them being more geared towards the local market, predominantly due to the default work-from-home arrangements, and restrictions placed on gatherings and events due

to social-distancing measures. The Group does not expect revenue to pick up significantly until the safe distancing rules are eased substantially.

On the other hand, the Group is stepping up on the execution of our various plans to reposition and penetrate the mass market and deepen our presence in Singapore. For Kok Kee Wonton Noodle, after the centralisation of production and standardisation of business processes, the Group is now ready to scale up its operations. In the pipeline will be two new outlets, one replacing the NASBKT store in MBS and the other in the bustling heartland of Toa Payoh, both slated to commence operations by third quarter of FY2021. While the Group develops another new casual dining concept to cater to smaller families and groups, with a more affordable price point, the space at Riverwalk has been temporary converted to a pop-up store for our virtual brand HACK IT to create more visibility and publicity for this brand, and to generate incremental revenue for the Group. The Group is also setting foot in the west side of the island, first time after more than a decade, with the scheduled opening of a Tsui Wah outlet at JEM in Jurong East in May 2021, and another outlet due to open in the east of Singapore towards the end of July 2021.

The Group is also on track to launch its new retail brand to house its cooking sauces and condiments and roll out a wider range of food and lifestyle products to appeal to a much wider and younger audience, allowing the Group's signature tastes and brands to achieve greater reach, beyond the brick-and-mortar F&B dine-in context.

Outside Singapore, the Group's joint venture in South Korea had to close the JUMBO Seafood restaurant in Ilsan due to frequent COVID-19 outbreaks which adversely affected customer footfall. The Group's JUMBO Seafood franchisee in Thailand also had to delay the official opening of a second Bangkok outlet to May/June 2021.

However, the Group is cautiously optimistic of our growth potential in the PRC where its operations have largely returned to pre-COVID levels and achieved profitability. A second franchised JUMBO Seafood outlet in Fuzhou was added last December, and plans are also undergoing for one additional self-managed outlet to the Group's network in Beijing, details of which will be disclosed in due course. The Group is exploring to expand its presence to more cities in the PRC.

As major economies progress into different stages of their respective vaccination process, the Group believes that the business and financial performance of the Group would gradually recover, alongside probable measured re-opening of international borders as the pandemic situation stabilises. Nonetheless, the Group is realistic about the timeline of recovery, which will probably be protracted, given periodic community outbreaks in the countries which the Group operates in and are surrounded by, and these shall continue to adversely affect its business operations.

Meanwhile, the Group intends to continue strengthening its brand portfolio by actively seeking out partnerships and/or acquire Singapore heritage brands. The Group believes that a diversified brand portfolio which represents an authentic Singapore food culture and flavours will place the Group in a strong position to cater to the local mass market and tourists when international travels regain momentum post COVID-19. Besides intensifying its efforts to contain costs and improve operational efficiency through digitalisation and consolidation initiatives, the Group is also closely watching the health of its balance sheet and liquidity position and does not foresee any imminent challenges in meeting its working capital requirements.

11. Dividend

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

No dividend has been declared for the current financial period reported on.

(b) Amount per share and previous corresponding period

No dividend has been declared for the previous corresponding period.

(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 dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined

Not applicable.

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

In view of the uncertainties due to the COVID-19 pandemic, the Group has decided to conserve cash to support its working capital requirements. Therefore, the Board will not be recommending any interim dividend for 1H FY2021.

13. Interested person transactions

The Group has not obtained a general mandate from shareholders for interested person transactions. There are no interested person transactions of \$100,000 or more for the period under review.

14. Confirmation by the issuer pursuant to Rule 720(1)

The Company has procured the undertakings from all its Directors and executive officer as required under Rule 720(1) of the Catalist Rules.

15. Negative confirmation by the board pursuant to Rule 705(5)

To the best knowledge of the board of directors of the Company ("**Board**"), nothing has come to the attention of the Board which may render the unaudited financial results of the Group and the Company for 1HFY2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Cher Liang
Independent Chairman

14 May 2021

Ang Kiam Meng
Executive Director and Group CEO

14 May 2021