

Koufu Group Limited
Registration Number: 201732833D

Unaudited condensed interim financial statements and
dividend announcement
For the six months ended 30 June 2021

**Condensed interim financial statements
For the six months ended 30 June 2021**

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Condensed interim statements of financial position
As at 30 June 2021

	Note	Group		Company	
		30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	47,735	42,218	–	–
Right-of-use assets*	3	150,270	148,877	–	–
Goodwill and intangible assets	4	15,750	15,983	1	1
Investment properties	5	12,876	14,940	–	–
Subsidiaries		–	–	1,000	1,000
Other investments		–	1,600	–	–
Deferred tax assets		2,771	1,897	–	–
Trade and other receivables		10,771	13,178	–	–
Total non-current assets		240,173	238,693	1,001	1,001
Current assets					
Other investments		1,600	–	–	–
Inventories		1,490	1,810	–	–
Trade and other receivables		16,575	19,961	42,207	42,205
Time deposits		–	3,057	–	–
Cash and cash equivalents		81,200	76,352	4,821	9,390
Assets held for sale		1,742	1,742	–	–
Total current assets		102,607	102,922	47,028	51,595
Total assets		342,780	341,615	48,029	52,596
LIABILITIES					
Current liabilities					
Trade and other payables		42,850	43,964	189	280
Lease liabilities	10	62,996	64,701	–	–
Loans and borrowings	11	2,668	2,672	–	–
Current tax liabilities		3,077	3,484	207	276
Provision for reinstatement cost		2,096	1,584	–	–
Total current liabilities		113,687	116,405	396	556
Non-current liabilities					
Trade and other payables		5,357	5,206	–	–
Lease liabilities	10	103,428	102,927	–	–
Loans and borrowings	11	9,721	11,046	–	–
Deferred tax liabilities		770	762	–	–
Provision for reinstatement cost		3,755	4,003	–	–
Total non-current liabilities		123,031	123,944	–	–
Total liabilities		236,718	240,349	396	556

Condensed interim statements of financial position
As at 30 June 2021

	Note	Group		Company	
		30 Jun 2021 \$'000	31 Dec 2020 \$'000	30 Jun 2021 \$'000	31 Dec 2020 \$'000
EQUITY					
Share capital	6	44,961	44,961	44,961	44,961
Treasury shares	9	(1,465)	(350)	(1,465)	(350)
Foreign currency translation reserve		(271)	(340)	–	–
Retained earnings		62,782	56,741	4,137	7,429
Equity attributable to owners of the Company		106,007	101,012	47,633	52,040
Non-controlling interest		55	254	–	–
Total equity		106,062	101,266	47,633	52,040
Total equity and liabilities		342,780	341,615	48,029	52,596

* Right-of-use assets excluding investment properties

Condensed interim consolidated statement of profit or loss
For the six months period ended 30 June 2021

	Note	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000	Increase/ (decrease) + / (-) %
Revenue	12	105,680	88,966	18.8%
Other income		7,383	7,149	3.3%
Cost of inventories consumed		(18,965)	(14,023)	35.2%
Staff costs		(21,836)	(17,524)	24.6%
Depreciation of investment properties		(2,016)	(2,278)	(11.5)%
Depreciation of property, plant and equipment/right-of-use assets		(34,407)	(36,108)	(4.7)%
Property rentals and related expenses		(17,008)	(15,349)	10.8%
Distribution and selling expenses		(650)	(263)	N.M
Administrative expenses		(2,694)	(2,450)	10.0%
Impairment loss on trade and other receivables, net		(644)	(351)	83.5%
Other operating expenses		(1,186)	(2,395)	(50.5)%
Results from operating activities		13,657	5,374	N.M
Finance income		172	282	(39.0)%
Finance costs		(1,578)	(2,626)	(39.9)%
Net finance costs		(1,406)	(2,344)	(40.0)%
Profit before tax		12,251	3,030	N.M
Tax expense	13	(2,172)	(805)	N.M
Profit for the year	14	10,079	2,225	N.M
Profit attributable to:				
Owners of the Company		9,917	2,535	N.M
Non-controlling interest		162	(310)	N.M
Profit for the year		10,079	2,225	N.M
Earnings per share				
Basic and diluted earnings per share (cents)	7	1.79	0.46	

N.M denotes not meaningful

Condensed interim consolidated statement of comprehensive income
For the six months period ended 30 June 2021

	Note	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000	Increase/ (decrease) +/(-) %
Profit for the year	14	10,079	2,225	N.M
Other comprehensive income, net of tax				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences – foreign operations		69	381	(81.9)%
Total other comprehensive income for the year		69	381	(81.9)%
Total comprehensive income for the year		10,148	2,606	N.M
Total comprehensive income attributable to:				
Owners of the Company		9,986	2,916	N.M
Non-controlling interest		162	(310)	N.M
Total comprehensive income for the year		10,148	2,606	N.M

Condensed interim statements of change in equity
For the six months period ended 30 June 2021

Group	Note	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Translation Reserve \$'000	Retained earnings \$'000	Total \$'000		
At 1 January 2021		44,961	(350)	(340)	56,741	101,012	254	101,266
Total comprehensive income for the period								
Profit for the period		–	–	–	9,917	9,917	162	10,079
<i>Other comprehensive income</i>								
Foreign currency translation differences		–	–	69	–	69	–	69
Total other comprehensive income		–	–	69	–	69	–	69
Total comprehensive income for the period		–	–	69	9,917	9,986	162	10,148
Transactions with owners, recorded directly in equity								
<i>Contributions by and distributions to owners</i>								
Dividends paid	6	–	–	–	(3,876)	(3,876)	(361)	(4,237)
Purchases of treasury shares	9	–	(1,115)	–	–	(1,115)	–	(1,115)
Total contributions by and distributions to owners		–	(1,115)	–	(3,876)	(4,991)	(361)	(5,352)
Total transactions with owners		–	(1,115)	–	(3,876)	(4,991)	(361)	(5,352)
At 30 June 2021		44,961	(1,465)	(271)	62,782	106,007	55	106,062

Condensed interim statements of change in equity (cont'd)
For the six months period ended 30 June 2021

	Note	Attributable to owners of the Company					Non-controlling interests \$'000	Total equity \$'000
		Share capital \$'000	Treasury shares \$'000	Translation Reserve \$'000	Retained earnings \$'000	Total \$'000		
Group								
At 1 January 2020		44,961	(240)	(389)	57,953	102,285	729	103,014
Total comprehensive income for the period								
Profit for the period		–	–	–	2,535	2,535	(310)	2,225
Other comprehensive income								
Foreign currency translation differences		–	–	381	–	381	–	381
Total other comprehensive income		–	–	381	–	381	–	381
Total comprehensive income for the period		–	–	381	2,535	2,916	(310)	2,606
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid	6	–	–	–	(8,319)	(8,319)	–	(8,319)
Purchases of treasury shares	9	–	(110)	–	–	(110)	–	(110)
Total contributions by and distributions to owners		–	(110)	–	(8,319)	(8,429)	–	(8,429)
Change in ownership interests in subsidiary								
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

Condensed interim statements of change in equity (cont'd)
For the six months period ended 30 June 2021

Company	Attributable to owners of the Company			
	Share capital \$'000	Treasury Shares \$'000	Retained earnings \$'000	Total \$'000
At 1 January 2021	44,961	(350)	7,429	52,040
Total comprehensive income for the period	–	–	584	584
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	–	–	(3,876)	(3,876)
Purchases of treasury shares	–	(1,115)	–	(1,115)
Total contributions by and distributions to owners	–	(1,115)	(3,876)	(4,991)
Total transactions with owners	–	(1,115)	(3,876)	(4,991)
At 30 June 2021	44,961	(1,465)	4,137	47,633
At 1 January 2020	44,961	(240)	11,965	56,686
Total comprehensive income for the period	–	–	578	578
Transactions with owners, recorded directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid	–	–	(8,319)	(8,319)
Purchases of treasury shares	–	(110)	–	(110)
Total contributions by and distributions to owners	–	(110)	(8,319)	(8,429)
Total transactions with owners	–	(110)	(8,319)	(8,429)
At 30 June 2020	44,961	(350)	4,224	48,835

Condensed interim consolidated statement of cash flows
For the six months period ended 30 June 2021

	Note	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Cash flows from operating activities			
Profit for the year		10,079	2,225
Adjustments for:			
Amortisation of intangible assets		267	35
Depreciation of investment properties		2,016	2,278
Depreciation of property, plant and equipment/right-of-use assets		34,407	36,108
Finance costs		1,578	2,626
Finance income		(172)	(282)
Gain on disposal of property, plant and equipment		(749)	(6)
Gain on disposal of associate		–	(1)
Gain on lease modification		(409)	(46)
Impairment loss on property, plant and equipment/right-of-use assets		265	1,490
Impairment loss on trade and other receivables, net		644	351
Write off of property, plant and equipment		25	35
Tax expense		2,172	805
		50,123	45,618
Changes in:			
Inventories		320	81
Trade and other receivables		4,978	(13,856)
Trade and other payables		345	(9,249)
Cash generated from operations		55,766	22,594
Tax paid		(3,505)	(436)
Net cash generated from operating activities		52,261	22,158
Cash flows from investing activities			
Interest received		35	299
Proceeds from disposal of property, plant and equipment		760	19
Proceeds from disposal of associate		–	1
Purchase of:			
- intangible assets		(34)	(30)
- property, plant and equipment		(11,998)	(9,404)
Withdrawal of time deposits with bank		3,057	4,600
Net cash used in investing activities		(8,180)	(4,515)

Condensed interim consolidated statement of cash flows (cont'd)
For the six months period ended 30 June 2021

	Note	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Cash flows from financing activities			
Capital contribution from non-controlling interest		–	436
Dividends paid to equity holders of the Company	6	(3,876)	(8,319)
Dividends paid by a subsidiary to non-controlling interests		(361)	–
Interest paid		(1,624)	(2,694)
Payment of lease liabilities	10	(31,020)	(20,422)
Purchase of treasury shares	9	(1,115)	(110)
Repayment of loan from fellow subsidiary of immediate and ultimate holding company		–	(110)
Repayment of loans and borrowings		(1,329)	(336)
Net cash used in financing activities		<u>(39,325)</u>	<u>(31,555)</u>
Net increase/(decrease) in cash and cash equivalents		4,756	(13,912)
Cash and cash equivalents at 1 January		76,352	90,396
Effect of exchange rate fluctuations on cash held		92	(57)
Cash and cash equivalents at 30 June		<u>81,200</u>	<u>76,427</u>

1 Domicile and activities

Koufu Group Limited (the “Company”) is a company incorporated in the Republic of Singapore on 15 November 2017 and is listed on the Mainboard of the Singapore Exchange. The address of the Company’s registered office is 18 Woodlands Terrace, Singapore 738443.

The condensed interim financial statements of the Group as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in equity-accounted investees.

The principal activities of the Company are those of an investment holding company. The principal activities of the Group are to carry on the business of management and operation of food courts and other commercial establishments and sales of food and beverage.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 1-34 *Interim Financial Reporting* and International Financial Reporting Standards (“IFRS”) 34 *Interim Financial Reporting* and should be read in conjunction with the Group’s last annual consolidated financial statements as at and for the year ended 31 December 2020 (“last annual financial statements”). SFRS(I) are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these condensed interim financial statements unless otherwise specified.

They do not include all of the information required for a complete set of financial statements prepared in accordance with SFRS(I) Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The condensed financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period is in the following notes:

- Note 3 – impairment losses of property, plant and equipment/right-of-use assets

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 – investment properties
- Note 17 – financial assets and liabilities

2.5 Changes in accounting policies

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group’s consolidated financial statements as at and for the year ended 31 December 2020.

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the current reporting period beginning on 1 January 2021:

- *SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 **Property, plant and equipment/Right-of-use assets**

	Note	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Group			
Property, plant and equipment owned	(a)	47,735	42,218
Right-of-use assets, excluding investment properties	(b)	150,270	148,877
		198,005	191,095

(a) Property, plant and equipment owned

	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Group		
Cost		
At 1 January	132,552	121,993
Acquisitions of subsidiaries	–	2,423
Additions	10,798	14,773
Write-off	(1,705)	(2,469)
Disposal	(34)	(149)
Reclassification from intangible assets	–	12
Reclassification to assets held for sale	–	(4,130)
Reinstatement cost	275	373
Effect of movements in exchange rates	80	(274)
At 30 June 2021/31 December 2020	141,966	132,552
Accumulated depreciation and impairment loss		
At 1 January	90,334	82,230
Depreciation for the period/year	5,519	12,377
Impairment loss	60	928
Write-off	(1,680)	(2,409)
Disposal	(23)	(136)
Reclassification from intangible assets	–	3
Reclassification to assets held for sale	–	(2,388)
Effect of movements in exchange rates	21	(271)
At 30 June 2021/31 December 2020	94,231	90,334
Carrying amounts		
At 30 June 2021/31 December 2020	47,735	42,218

Acquisitions and disposals

During the six months ended 30 June 2021, the Group acquired assets with a cost of \$10,798,000 (six months ended 30 June 2020: \$8,889,000) and disposal of assets with a carrying amount of \$11,000 (six months ended 30 June 2020: \$13,000), resulting in a gain on disposal of \$749,000 (six months ended 30 June 2020: \$6,000), which was included in “other income” in the condensed statement of profit or loss.

In April 2021, the Group has obtained its Temporary Occupation Permit (TOP) for the integrated facility. Cost of \$30,017,000 from property under construction has been reclassified to leasehold properties and depreciation is recognised when the integrated facility is ready for use in May 2021.

(b) Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment property.

	Property, plant and equipment	
	30 Jun 2021	31 Dec 2020
Group	\$'000	\$'000
Balance at 1 January	148,877	170,226
Depreciation charge for the period/year	(28,888)	(59,496)
Impairment loss	(205)	(2,545)
Balance at 30 June 2021/31 December 2020	150,270	148,877

Additions to the right-of-use assets during the period ended 30 June 2021 were \$4,402,000 (year ended 31 December 2020: \$7,337,000).

Amounts recognised in profit or loss

	Group	
	6 months ended	6 months ended
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Gain on lease modification	(409)	(46)
Interest on lease liabilities	1,569	2,493
Income from sub-leasing right-of-use assets presented in "revenue"	27,491	28,240
Expenses relating to short-term leases	95	–
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	50	126

Impairment losses on property, plant and equipment and right-of-use assets

The Group reviews the carrying amount of the assets as at the reporting date to determine whether there is any indication of impairment. Management has determined that each individual food court, coffee shop, quick-service restaurant, hawker centre and central kitchen managed by the Group is a separate cash-generating unit ("CGU"). Management carried out an impairment assessment of the property, plant and equipment and right-of-use assets of the CGU with recurring losses. The recoverable amount of the CGUs was based on their value-in-use over the lower of 5 years or lease period and was discounted using the weighted average cost of capital.

The key assumptions used in the estimation of the recoverable amount are pre-tax discount rate, Food & Beverage (“F&B”) revenue growth rate, F&B sales gross profit margin and rental occupancy growth rate. The pre-tax discount rate used of 8.8% - 25.7% (2020: 8.4%) is based on the Group’s weighted-average cost of capital. The F&B revenue growth rate and sales growth margin were determined by management after taking into account historical margins and Singapore’s food inflation rate. The rental occupancy growth rate was determined by management by forecasting projected occupancy growth in outlets where full occupancy has not been reached.

For the six month ended 30 June 2021, the Group assessed the recoverable amount of the CGUs which are loss making and determined that three (six months ended 30 June 2020: four) CGU are not expected to have any recoverable amount, or with carrying amount exceeding its recoverable amount. Accordingly, an impairment loss of \$265,000 (six months ended 30 June 2020: \$1,490,000) was recognised in “other operating expenses”.

4 Goodwill and intangible assets

As at 30 June 2021, goodwill and intangible assets consist of goodwill amounting to \$12,658,000 (31 December 2020: \$12,658,000). The goodwill relates to the excess of the purchase consideration over the fair value of the net assets acquired in the acquisition of Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd. in July 2020.

The Group performs its annual impairment test of goodwill in December and when circumstances indicate that the carrying amount may be impaired. There were no significant events and conditions that indicated impairment indicator existed as at 30 June 2021.

5 Investment properties

Investment properties comprise owned and leased assets.

	Note	30 Jun 2021 \$’000	31 Dec 2020 \$’000
Group			
Investment properties owned	(a)	12,631	13,052
Right-of-use assets	(b)	245	1,888
		12,876	14,940

(a) Investment properties owned

	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Group		
Cost		
At 1 January	16,795	15,955
Acquisitions of subsidiaries	–	840
At 30 June 2021/31 December 2020	16,795	16,795
Accumulated depreciation and impairment loss		
At 1 January	3,743	2,940
Depreciation for the period/year	421	803
At 30 June 2021/31 December 2020	4,164	3,743
Carrying amounts		
At 30 June 2021/31 December 2020	12,631	13,052

(b) Right-of-use assets

	Investment properties	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Group		
Balance at 1 January	1,888	6,852
Depreciation charge for the period/year	(1,595)	(3,499)
Balance at 30 June 2021/31 December 2020	245	1,888

There were no additions to the right-of-use assets during the period ended 30 June 2021 and year ended 31 December 2020.

Amounts recognised in profit or loss

	Group	
	6 months ended	6 months ended
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Interest on lease liabilities	22	76
Income from sub-leasing right-of-use assets presented in “revenue”	3,953	4,245

Measurement of fair value

Management assessed that the fair value of investment properties of the Group was \$15,840,000 as at 30 June 2021, which was the latest appraised values of the investment properties as at 31 December 2020, as there was no significant change to the market conditions.

The fair value of the investment properties as at 31 December 2020 was determined by independent licensed appraisers who have appropriate recognised professional qualification and recent experiences in the location and category of the investment properties being valued.

The fair value is based on open market valuation using capitalisation method and comparable sales method. It is an estimated amount for which a property could be exchanged on the date or valuation between a willing buyer and a willing seller in an arm's length transaction. The fair value measurement has been categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The capitalisation method capitalises the estimated net income of the property for perpetuity or the balance term of the lease tenure at a capitalisation rate that is appropriate for the type of use, tenure and reflective of the quality of the investment. Capital adjustments are then made to derive the capital value of the property.

The comparable sales method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties of the Group.

6 Share capital

	Group and Company	
	No. of shares	\$'000
	'000	'000
Fully paid ordinary shares, with no par value		
At 1 January 2020, at 31 December 2020 and at 30 June 2021	555,163	44,961

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Issued and paid up capital

As at 30 June 2021, the Company's issued and paid up capital, excluding treasury shares, comprises of 552,955,300 (31 December 2020: 554,616,400) ordinary shares.

	Group and Company	
	30 Jun 2021	31 Dec 2020
	No of shares	
	'000	'000
Issued shares	555,163	555,163
Less: Treasury shares	(2,208)	(547)
Issued shares excluding treasury shares	552,955	554,616

During the six months ended 30 June 2021, the Company had bought back 1,661,100 shares (six months ended 30 June 2020: 197,300 shares) by way of market acquisition and all shares acquired are held as treasury shares. As at 30 June 2021, the Company has 2,207,700 treasury shares (six months ended 31 December 2020: 546,600 treasury shares). The Company did not have any subsidiary holdings or other convertible instruments as at 30 June 2021 and 31 December 2020.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

	Group and Company	
	6 months	6 months
	ended	ended
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Paid by the Company to owners of the Company		
2020: 0.7 cents (2019: 1.5 cents) per share, final	3,876	8,319

7 Earnings per ordinary shares

	Group	
	6 months	6 months
	ended	ended
	30 Jun 2021	30 Jun 2020
Basic and diluted earnings per share (cents)	1.79	0.46
Weighted average number of shares*	554,078,404	554,712,986

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

8 Net asset value

	Group		Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Net asset value per share (cents)	19.17	18.21	8.61	9.38
Number of shares issued at end of financial period	552,955,300	554,616,400	552,955,300	554,616,400

9 Treasury shares

	Group and Company	
	No of shares	
	'000	\$'000
At 1 January 2021	547	350
Purchased during the period	1,661	1,115
At 30 June 2021	2,208	1,465
At 1 January 2020	349	240
Purchased during the year	198	110
At 31 December 2020	547	350

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The shares, held as treasury shares, were included as deduction against shareholders' equity.

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

10 Lease liabilities

	Group	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Non-current	103,428	102,927
Current	62,996	64,701
	166,424	167,628

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities	
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Group		
Balance at 1 January	167,628	180,881
Changes from financing cash flows		
Payment of lease liabilities	(31,020)	(20,422)
Interest paid	(1,591)	(2,569)
Total changes from financing cash flows	(32,611)	(22,991)
Other changes		
Liability-related		
Lease modification/termination	(5,908)	(7,772)
Interest expense	1,591	2,569
New leases	35,724	17,621
Total liability-related other changes	31,407	12,418
Balance at 30 June	166,424	170,308

11 Loans and borrowings

	Group	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Non-current		
Secured bank loans	9,721	11,046
Current		
Secured bank loans	2,668	2,672
	12,389	13,718

As at 31 December 2020 and 30 June 2021, the bank loans are also secured by corporate guarantees issued by the Company to its subsidiary and assignment of rental proceeds in respect of certain investment properties.

Intra-group financial guarantees

The Company has provided intra-group financial guarantees of \$22,181,000 (2019: \$12,181,000) to a bank for credit facilities granted to its wholly-owned subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

12 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements.

Disaggregation of revenue from contracts with customers

	Income from food court operations and commercial establishment		Sales of food and beverages		Total	
	< -----6 month ended ----- >					
	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020	30 Jun 2021	30 Jun 2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
Primary geographical markets						
Singapore	45,559	43,662	55,546	40,275	101,105	83,937
Overseas	3,521	4,125	1,054	904	4,575	5,029
	49,080	47,787	56,600	41,179	105,680	88,966

Seasonal operations

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

13 Tax expense

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The overseas market is mainly in Macau. The corporate tax rate for Singapore and Macau is 17% and 12% respectively. The major components of income tax expense in the condensed interim statement of profit or loss are:

	Group	
	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Current tax expense		
Current year	3,073	1,027
Under provision in respect of prior years	25	251
	<u>3,098</u>	<u>1,278</u>
Deferred tax income		
Origination and reversal of temporary differences	(926)	(473)
	<u>2,172</u>	<u>805</u>

14 Profit for the period

The following significant items have been included in arriving at profit for the period:

	Group	
	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Employee benefits expense	21,836	17,524
Amortisation of intangible assets	267	35
Foreign exchange (gain)/loss (net)	(29)	16
Gain on disposal of property, plant and equipment	(749)	(6)
Government grants	(4,369)	(5,523)
Impairment loss on property, plant and equipment/right-of-use assets	265	1,490
Impairment loss on trade and other receivables (net)	644	351
Interest expenses on lease liabilities	1,591	2,569
Interest expenses on loan and borrowings	33	57
Interest income	(24)	(299)
Write off of property, plant and equipment	25	35

15 Related party transactions

Other than disclosed elsewhere in the consolidated financial statements, significant transactions with related parties are as follows:

	Group	
	6 months ended	
	30 Jun 2021	30 Jun 2020
	\$'000	\$'000
Fellow subsidiary of immediate and ultimate holding company		
Property rentals and related expenses	(1,702)	(1,360)
Repayment of loan interest	—	—*
	<hr/> <hr/>	<hr/> <hr/>

* Less than \$1,000

16 Operating segments

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports of each division at least monthly. The following describes the operations in each of the Group's reportable segments:

- Outlet and mall management business

Food court operations are involved in the leasing of food outlet premises to tenants as master leaseholder, the provision of cleaning and utilities services to tenants, and the provision of management services to third party food courts.

- Food and Beverages ("F&B") retail business

F&B operations are primarily involved in retailing of cooked food directly to consumers through the stalls operated by the Group such as dim sum and drink stalls.

- Others

Other segment includes provision of management, treasury and administrative services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Outlet and mall management business \$'000	F&B retail business \$'000	Others \$'000	Total \$'000
Group				
1 January 2021 to 30 June 2021				
External revenues	48,963	56,641	76	105,680
Inter-segment revenue	588	–	342	930
Reportable segment profit before tax	11,021	5,260	(4,062)	12,219
As at 30 June 2021				
Reportable segment assets	222,008	34,454	2,347	258,809
Reportable segment liabilities	200,055	17,098	15,718	232,871
1 January 2020 to 30 June 2020				
External revenues	47,786	41,180	–	88,966
Inter-segment revenue	344	–	342	686
Reportable segment profit before tax	3,551	2,908	(3,725)	2,734
As at 31 December 2020				
Reportable segment assets	222,129	33,731	4,450	260,310
Reportable segment liabilities	197,257	21,446	17,401	236,104

Reconciliation of reportable segment profit or loss, assets and liabilities and other material items to FRS measures

	Group	
	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Profit or loss before tax		
Total profit or loss before tax for reportable segments	12,219	2,734
Unallocated amounts:		
- Finance income	32	296
Consolidated profit before tax	12,251	3,030

	Group	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Assets		
Total assets for reportable segments	258,809	260,310
Other unallocated amounts	83,971	81,305
Consolidated total assets	342,780	341,615
Liabilities		
Total liabilities for reportable segments	232,871	236,104
Other unallocated amounts	3,847	4,245
Consolidated total liabilities	236,718	240,349

17 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2021 and 31 December 2020.

	Group	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Financial assets measured at fair value		
Financial assets – at FVTPL	1,600	1,600
Financial assets not measured at fair value		
Trade and other receivables*	19,916	21,030
Time deposits	–	3,057
Cash and cash equivalents	81,200	76,352
	101,116	100,439
Financial liabilities measured at fair value		
Interest rate swaps	(28)	(137)
Contingent consideration	(967)	(1,934)
	(995)	(2,071)
Financial liabilities not measured at fair value		
Trade and other payables [#]	(36,202)	(36,004)
Loan and borrowings	(12,389)	(13,718)
	(48,591)	(49,722)

* exclude grant receivables, lease incentives and prepayments

[#] exclude accrued employees benefits, deferred income, derivative liability and goods and services tax payables (net)

	Company	
	30 Jun 2021	31 Dec 2020
	\$'000	\$'000
Financial assets not measured at fair value		
Trade and other receivables*	42,169	42,177
Cash and cash equivalents	4,821	9,390
	46,990	51,567
Financial liabilities not measured at fair value		
Trade and other payables	(189)	(280)

* exclude goods and services tax receivables (net) and prepayments

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

Measurement of fair values

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future cash payments, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

Financial instruments measured at fair value (cont'd)

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets – at FVTPL	Discounted cash flows: The valuation model considers the present value of the expected future cash receivables, discounted using effective interest rate.	Not applicable	Not applicable
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimates are subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique
Loans and borrowings	Discounted cash flows: The valuation model considers the present value of the expected future cash payment, discounted using risk-adjusted discount rate.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group				
30 June 2021				
Financial assets measured at fair value				
Financial assets – at FVTPL	–	1,600	–	1,600
Financial liabilities measured at fair value				
Interest rate swaps	–	(28)	–	(28)
Contingent consideration	–	(967)	–	(967)
Financial liabilities not measured at fair value				
Loans and borrowings	–	(11,886)	–	(11,886)
31 December 2020				
Financial assets measured at fair value				
Financial assets – at FVTPL	–	1,600	–	1,600
Financial liabilities measured at fair value				
Interest rate swaps	–	(137)	–	(137)
Contingent consideration	–	(1,934)	–	(1,934)
Financial liabilities not measured at fair value				
Loans and borrowings	–	(13,218)	–	(13,218)

As at 30 June 2021 and 31 December 2020, the Company do not have any financial assets or liabilities measured at fair value.

18 Capital Commitment

Expenditure contracted for as at the reporting date but not recognised in the financial statements is as follows:

	Group	
	30 Jun 2021 \$'000	31 Dec 2020 \$'000
Commitment in respect of property, plant and equipment	5,111	4,366

(B) Other information Pursuant to Listing Rule Appendix 7.2 of SGX Listing Manual

1. Review of performance of the Group

The condensed interim statements of financial position of Koufu Group Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statement of change in equity and condensed interim consolidated statement of cash flows for the six-month period ended and related explanatory notes have not been audited or reviewed.

Statements of Comprehensive Income

1H 2021 vs 1H 2020

The Group's profit before taxation increased significantly by S\$9.3 million from S\$3.0 million in 1H 2020 to S\$12.3 million in 1H 2021.

Revenue

Group revenue increased by S\$16.7 million or 18.8% from S\$89.0 million in 1H 2020 to S\$105.7 million in 1H 2021.

- (a) Revenue contribution from the outlet and mall management segment increased by S\$1.3 million or 2.7% from S\$47.8 million in 1H 2020 to S\$49.1 million in 1H 2021. This was mainly due to improvement in footfall at our food outlets resulting in increase in rental and related income.
- (b) Revenue from the food & beverage ("F&B") retail business segment increased by S\$15.4 million or 37.4% from S\$41.2 million in 1H 2020 to S\$56.6 million in 1H 2021 mainly due to the improvement in footfall at our food outlets as revenue was impacted significantly during the circuit breaker period in 1H 2020. The newly acquired snacks and dough products business also contributed to the increase in revenue by S\$5.9 million.

Other Income

Other income increased by S\$0.3 million from S\$7.1 million in 1H 2020 to S\$7.4 million in 1H 2021 mainly due to gain on disposal of property, plant and equipment arising from the assignment fee collected from the new operator of the food court at ITE Ang Mo Kio due to non-renewal upon our lease expiry.

Cost of Inventories Consumed

Cost of inventories increased by S\$5.0 million or 35.2% from S\$14.0 million in 1H 2020 to S\$19.0 million in 1H 2021 in line with the increase in revenue.

Staff Costs

Staff costs increased by S\$4.3 million or 24.6% from S\$17.5 million in 1H 2020 to S\$21.8 million in 1H 2021 was mainly due to increase in (i) staff costs from the newly acquired business of S\$2.3 million and (ii) staff incentives/ welfare and profit sharing of S\$2.0 million as a result of higher profits generated in 1H 2021.

Depreciation of Investment Properties, Property, Plant and Equipment/Right-of-Use Assets

Depreciation charges decreased by S\$2.0 million or 5.1% from S\$38.4 million in 1H 2020 to S\$36.4 million in 1H 2021 was mainly due to lower depreciation charge for the ROU assets as a result of the impairment loss on ROU assets of S\$2.6 million being recognised in FY2020, reducing the carrying amount of ROU assets.

Property Rentals and Related Expenses

Property rentals and related expenses increased by S\$1.7 million or 10.8% from S\$15.3 million in 1H 2020 to S\$17.0 million in 1H 2021 was mainly due to increase in utilities and cleaning fees.

Distribution and Selling Expenses

Distribution and selling expenses increased by S\$0.4 million from S\$0.3 million in 1H 2020 to S\$0.7 million in 1H 2021 mainly due to change in presentation of commission charges paid to delivery service provider in 1H 2021.

Administrative Expenses

Administrative expenses increased slightly by S\$0.2 million or 10.0% from S\$2.5 million in 1H 2020 to S\$2.7 million in 1H 2021. The increase is mainly due to increase in bank charges incurred on cashless transactions.

Impairment loss on trade and other receivables

Impairment loss on trade receivables increased by S\$0.2 million from S\$0.4 million in 1H 2020 to S\$0.6 million in 1H 2021 due to provision for uncollectable debts from stall tenants as a result of COVID-19 impact to their businesses.

Other Operating Expenses

Other operating expenses decreased by S\$1.2 million or 50.5% from S\$2.4 million in 1H 2020 to S\$1.2 million in 1H 2021 mainly due to lower impairment loss on property, plant and equipment recognised for cash generating units with recurring losses in 1H 2020.

Finance Income

Finance income decreased by S\$0.1 million or 39.0% from S\$0.3 million in 1H 2020 to S\$0.2 million in 1H 2021 mainly due to lower interest earned from time deposits placements with banks by S\$0.2 million, offset by increase in interest income on derivative liability-interest rate swap.

Finance Costs

Finance costs decreased by S\$1.0 million or 39.9% from S\$2.6 million in 1H 2020 to S\$1.6 million in 1H 2021 mainly due to decrease in interest expenses on lease liabilities.

Tax Expense

Tax expenses increased by S\$1.4 million or 169.8% from S\$0.8 million in 1H 2020 to S\$2.2 million in 1H 2021 mainly due to higher profits generated in 1H 2021. The effective tax rates were 17.7% and 26.6% for 1H 2021 and 1H 2020 respectively. The high effective tax rate in 1H 2020 was mainly due to under provision of prior year tax of S\$0.3 million.

Statement of Financial Position

The comparative performance for assets and liabilities are based on financial statements as at 31 December 2020 and 30 June 2021.

Non-Current Assets

As at 30 June 2021, non-current assets increased by S\$1.5 million from S\$238.7 million to S\$240.2 million. The increase was mainly due to (i) increase in property, plant and equipment and right-of-use assets by S\$6.9 million, (ii) increase in deferred tax assets by S\$0.9 million arising from the timing difference of actual lease payment and depreciation of right-of-use assets, partially offset by decrease in (iii) intangible assets of S\$0.2 million, (iv) investment properties by S\$2.1 million, (v) decrease in rental deposits placed with landlords and lease incentives to tenants by S\$2.4 million, (vi) decrease in other investment by S\$1.6 million as this investment relate to structured deposit with bank which will mature in May 2022 and has been reclassified as a current asset as at 30 June 2021.

Current Assets

As at 30 June 2021, current assets decreased by S\$0.3 million from S\$102.9 million to S\$102.6 million mainly due to decrease in (i) inventories by S\$0.3 million, (ii) trade and other receivables by S\$3.4 million, partially offset by increase in (iii) cash and cash equivalents by S\$1.8 million and (iv) other investment by S\$1.6 million, which is reclassified from non-current assets.

The decrease in trade and other receivables is mainly from decrease in (i) trade receivable from tenants by S\$0.5 million, (ii) grant and other receivables by S\$1.5 million, (iii) lease incentives of S\$2.0 million, (iv) refundable receipts from landlords by S\$0.2 million and (v) prepayment for property, plant and equipment of S\$0.8 million, and partially offset by (vi) increase in advance rental payment made to landlord of S\$0.9 million and (vii) increase in rental deposits placed with landlords by S\$0.7 million.

Non-Current Liabilities

Non-current liabilities decreased by S\$0.9 million from S\$123.9 million as at 31 December 2020 to S\$123.0 million as at 30 June 2021. The decrease was mainly due to decrease in (i) provision for reinstatement cost by S\$0.2 million, (ii) loan and borrowings by S\$1.3 million, partially offset by increase in trade and other payables of S\$0.2 million due to increase in rental deposits from tenants and increase in lease liabilities by S\$0.5 million.

Current Liabilities

Current liabilities decreased by S\$2.7 million from S\$116.4 million as at 31 December 2020 to S\$113.7 million as at 30 June 2021.

The decrease was mainly due to decrease in (i) payment of deferred purchase consideration of S\$1 million relating to the acquisition of the snacks and dough products business, (ii) amount payable for purchase of property, plant and equipment by S\$1.2 million, (iii) current tax liabilities by S\$0.4 million, (iv) lease liabilities by S\$1.7 million due to lease repayments, (v) deferred income by S\$0.4 million, (vi) other payables by S\$0.3 million and (vii) refundable receipts to tenants by S\$1.8 million. The decrease was partially offset by increase in (i) provision for reinstatement cost of S\$0.5 million, (ii) trade payables by S\$2.6 million, (iii) refundable rental deposit from tenants by S\$0.3 million and (iv) accrued operating expenses of S\$0.7 million, which was mainly due to the increase in provision for profit sharing as a result of higher profit in 1H 2021.

Statement of Cash Flows

1H 2021 vs 1H 2020

The Group generated net cash flows from operating activities in 1H 2021 of S\$52.3 million, a result of operating profit before working capital changes of S\$50.1 million, adjusted for net working capital inflows of S\$5.7 million and income taxes paid of S\$3.5 million.

Net working capital inflows of S\$5.7 million in 1H 2021 was mainly attributable to the cash inflows from trade and other payables of S\$0.4 million, trade and other receivables of S\$5.0 million and inventories of S\$0.3 million.

Net cash inflows from trade and other payables of S\$0.4 million was mainly attributable to the increase in (i) trade payables by S\$2.5 million, (ii) refundable rental deposits from tenants by S\$0.3 million, (iii) accrued operating expenses of S\$0.7 million, and partially offset by decrease in (i) refundable receipts to tenants by S\$1.8 million, (ii) payment of deferred purchase consideration of S\$1 million relating to the acquisition of the snacks and dough products business and (iii) deferred income by S\$0.4 million.

Net cash inflows from trade and other receivables of S\$5.0 million was mainly attributable from decrease in (i) trade receivables of S\$0.5 million, (ii) grant receivables and other receivables of S\$1.5 million, (iii) rental deposits placed with landlords by S\$0.8 million, (iv) lease incentives of S\$2.9 million, which relates to rental rebates given to stall tenants and (v) refundable receipts from landlords of S\$0.2 million, partially offset by increase in prepayment of S\$0.9 million.

Net cash flows used in investing activities in 1H 2021 amount to S\$8.2 million, was mainly attributable to the purchase of property, plant and equipment of S\$12.0 million, of which S\$5.4 million relates to the integrated facility, partially offset by withdrawal of time deposits from bank of S\$3.0 million and sales proceeds of S\$0.8 million received for disposal of property, plant and equipment.

Net cash flows used in financing activities in 1H 2021 amount to S\$39.3 million, was attributable to the cash outflows from (i) payment of interest and lease liabilities of S\$1.6 million and S\$31.0 million respectively, (ii) repayment of loans and borrowings of S\$1.3 million, (iii) dividend of S\$3.9 million and S\$0.4 million paid to equity holders and non-controlling interest shareholders and (iv) purchase of treasury shares of S\$1.1 million.

2. 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.

3. 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.

IMPACT OF THE COVID-19 PANDEMIC

The impact of COVID-19 is unprecedented on many fronts. Despite the difficulties, the Group is committed to ensuring our essential products and services that support the community will carry on with minimal or no disruption, while ensuring the health and safety of our employees, business partners and customers. The Group has implemented necessary COVID-19 mitigation measures as required by the respective governments and regulators in its countries of operations, mainly Macau and Singapore and has also activated its business continuity plans.

Singapore

The Group resumed operations of all outlets including dine-in services in Phase 2 of the reopening of the economy on 19 June 2020. On 28 December 2020, Singapore transitioned to Phase 3 whereby dine-in can allow up to 8 persons from the initial 5 in Phase 2. However, in April 2021, the number of unlinked and community cases were on the rise, with several clusters formed. Consequently, the Government moved Singapore to Phase 3 (Heightened Alert) (“P3HA”) from 8 May 2021 and was further elevated to Phase 2 (Heightened Alert) (“P2HA”) from 16 May 2021 to 13 June 2021 in a bid to curb COVID-19 transmission. Proven to be effective, from 14 June 2021, the Government moved Singapore to P3HA with more restrictions being lifted, while dining in only resumed from 21 June 2021 for up to 2 persons. Unfortunately, a few big clusters emerged thereafter and Singapore was again elevated to P2HA from 22 July 2021 to 18 August 2021. Under P2HA, restrictions imposed include but not limited to prohibition of dining-in at all food outlets, capping of social gatherings and activities to up to two persons, reduced capacity for malls and working from home as the default mode. From 10 August 2021, P2HA measures will be lifted in a calibrated manner as part of Singapore’s transition towards COVID resilience, including more relaxed limits on dining-in.

With the economy in a P2HA alert level, the Group’s business operations in food courts, coffee shops and restaurants have been impacted with lower footfalls in the malls, offices and tertiary institutions. Despite the prohibition of dining-in at food outlets, we remain open for takeaways and deliveries. On the other hand, we have seen an increase in the takeaway kiosks business i.e. *Dough Culture* and *R&B Tea* as both in-store takeaway and delivery sales increase.

To support the F&B sector during these periods where dining-in is prohibited, the Government has announced that the support under the Jobs Support Scheme will be enhanced to 50% instead of the initial 10%. In addition, the Government will also provide a two-months rental relief for food outlets leased from Government agencies to mitigate the impact of disallowing dining in to the F&B operators during the P2HA periods.

The Government has announced that in the upcoming months, as Singapore moves towards a large percentage of the population being fully vaccinated, safe management measures will be gradually relaxed. The Group expects its business operations to improve significantly once the restrictions are eased.

The Group has temporarily suspended the operations of both the *Koufu* food court and *Grove* quick service restaurant at Singapore Management University (“SMU”) and three *R&B* Tea kiosks at Far East Square, SMU and Change Alley Mall during the P2HA periods due to low footfalls at these outlets.

In terms of expansion, the Group has opened 1 new food court with 1 self-operated F&B stall at Sun Plaza, 2 new *R&B* Tea kiosks at Fusionopolis and Sun Plaza, 3 Dough Culture kiosks at Sing Post Centre, Sun Plaza and Oasis Terrace in 1H 2021. The Group has further opened 2 new food courts at Marina Square, Nanyang Technological University and 1 new food court shop at the new Koufu Headquarters in Q3 2021. In addition, the Group secured a food court at Outram Community Hospital and a *R&B* tea kiosk at Sinopec Petrol Station in Woodlands Ave 5 opening in Q3 2021, a Dough Culture kiosk at Jurong East MRT Station and a *Grove* quick service (“QSR”) restaurant at Northshore Plaza to be opened in Q4 2021.

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 2020.

On 16 March 2021, Macau eased its border restrictions by reopening its borders to foreigners via Mainland China provided they hold a mainland China visa issued by the Office of the Commissioner of the Ministry of Foreign Affairs of the People’s Republic of China in the Macao Special Administrative Region. Given Macau’s dependence on mainland Chinese visitors, we have seen improvements to the footfalls to the Londoner Macao especially during the labour day holidays in May 2021 where Macau’s daily visitor arrivals jumped to nearly 28,000 in, more than tripling from the third quarter of 2020. However, the number of visitors was 39% lower in Jun 2021 as compared to the previous month due to the reintroduction of pandemic prevention restrictions in the Guangdong province resulting from a surge in the number of COVID cases there. In July 2021, the Group again saw a surge in the footfall to the food court at Londoner Macao due to the increase in the number of Chinese visitors to Macau. The Group expects its business operations to improve significantly in time to come as more Mainland Chinese visitors flock to Macau under the quarantine-free travel arrangements, which for the moment is only granted to most low risks area of Mainland Chinese visitors.

Recent Developments

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). However, the Group has obtained its Temporary Occupation Permit (TOP) in April 2021 and expects to commence operations from the integrated facility progressively in Q3 and Q4 2021. The Group will be occupying 75% of the total Gross Floor Area (GFA) while the balance of 25% will be tenanted out. Of the total area allocated for tenancy, the Group has to-date finalised and secured full tenancy. As for the 75% GFA to be used for own operational purposes, the Group will operate a food court, a cloud kitchen and a staff dormitory where we will also derive rental

income from the tenancy of the 9 stalls in the coffee shop, 24 cloud kitchen spaces and 132 beds in the staff dormitory. We are actively looking for tenants to occupy the mentioned spaces.

The Group expects to combine and commence the production of the bakery products, dim sum snacks and the dough products in the Integrated Facility in Q4 2021, which is of a larger production capacity to cater to our revenue diversification and network expansion. Our supply chain and logistics can also be strengthened with the broadening and expansion of the production manufacturing capabilities to achieve higher productivity and product margins.

Notwithstanding the challenges amidst the COVID-19 situation, the Group continues to have a strong balance sheet and expects to remain competitive with cautious growth and expansion plans. Where opportunities arise, the Group will look to capitalise on these opportunities with its strong cash position.

The Group will remain vigilant and explore strategies to support and reinforce its relationships with stakeholders.

4. Dividend information

The following interim ordinary dividend has been declared.

	6 months ended 30 Jun 2021 \$'000	6 months ended 30 Jun 2020 \$'000
Name of Dividend	Interim	Interim
Dividend Type	Cash	Cash
Dividend Amount per Share	1.0 cent per ordinary share	0.5 cent per ordinary share
Tax rate	Tax-exempt (one-tier)	Tax-exempt (one-tier)

Record date

The Share Transfer Books and Register of Members of Koufu Group Limited (the “Company”) will be closed on 25 August 2021, 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 1 cent per ordinary share for the financial year ending 31 December 2021 (“Interim Dividend”).

Duly stamped and completed transfer received by the Company’s Share Registrar, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street #19-08 Prudential Tower, Singapore 049712, at 5.00 p.m. on 25 August 2021 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 2021, will be entitled to the Interim Dividend.

The interim dividend will be paid on 8 September 2021.

5. Interested person transactions

The Group has obtained the renewal of the general mandate from shareholders in the Extraordinary General Meeting held on 26 April 2021. Details of the Interested person transactions (“IPTs”) were disclosed in pages 18 to 26 of the Circular dated 8 April 2021.

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 Jun 2021	6 months ended 30 Jun 2021
		S\$’000	S\$’000
Abundance Realty Pte Ltd	Abundance Realty Pte Ltd is a wholly-owned subsidiary of Jun Yuan Holdings Pte Ltd, the Controlling Shareholder of the Company		
(i) Food court and coffee shops’ leases ⁽¹⁾		–	1,608
(ii) Service charges and outdoor refreshment area fees (paid on behalf) ⁽²⁾		–	94
Brightlink Electrical Pte Ltd	Brightlink Electrical Pte Ltd, 50% owned by Mr Pang Pong San, sibling of Mr Pang Lim		
Provision of renovation works and other general electrical works ⁽³⁾		–	185

⁽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. The Group has on 16 June 2021 executed the renewal leases with Abundance Realty for another lease term of four years commencing 28 September 2021. The monthly rental amounts to \$276,000 with an aggregate value of \$13,248,000 for the entire lease period. The terms for renewal are made in accordance to the guidelines and procedures approved under the Shareholders’

Mandate, on normal commercial terms and arm's length basis. References were made to the Valuation Report dated 30 April 2021 conducted by GB Global Pte Ltd.

- (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 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.

6. 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 up to 5 April 2021	Utilised (from 5 April to 10 August 2021)	Balance
	S\$'000	S\$'000	S\$'000	S\$'000
Capital expenditure for integrated facility	30,000	(27,170)	(1,375)	1,455
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	(42,670)	(1,375)	1,455

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

7. 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.

8. 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 2021 to be false or misleading in any material respect.

9. Additional information required pursuant to Rule 706A of the Listing Manual

There was 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 2021 and as at the date of this announcement.

BY ORDER OF THE BOARD

Pang Lim
Executive Chairman and Chief Executive Officer

10 August 2021