

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in Singapore)

(Co. Reg. No. 201801590R)

(the “Company”)

MINUTES OF ANNUAL GENERAL MEETING

PLACE	:	Via “Live” webcast
DATE	:	Friday, 20 November 2020
TIME	:	9.30 a.m.
PRESENT	:	As set out in the webcast attendance records maintained by the Company
IN ATTENDANCE	:	As set out in the webcast attendance records maintained by the Company
CHAIRMAN	:	Mr Saw Tatt Ghee (“ Chairman of the Meeting ”)

Unless otherwise defined herein or the context otherwise requires, all capitalised terms used herein shall bear the same meanings ascribed to them in the Company’s announcement dated 5 November 2020 and the Company’s Annual Report 2020.

INTRODUCTION AND QUORUM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing measures to hold a physical meeting. Due to current COVID-19 situation and the Company’s efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the Annual General Meeting (“**AGM**” or “**Meeting**”) will be held by way of electronic means and the shareholders will not be allowed to attend the AGM in person but are allowed to watch the AGM proceedings via a “live” audio-video webcast via mobile phones, tablets or computers (“**Live Webcast**”).

The Chairman of the Meeting introduced the Directors present and it was noted that the share registrar of the Company, Boardroom Corporate & Advisory Services Pte Ltd, had verified that at least 2 members of the Company were electronically present at the Meeting pursuant to the Alternative Arrangements Order.

The Chairman of the Meeting provided a general overview of the Group’s performance and business operations for the financial year ended 30 June 2020 (“**FY2020**”) and it was noted that:

- FY2020 had been a challenging year as the unprecedented COVID-19 pandemic took its toll on the global economy. The food and beverage (“**F&B**”) industry was among the sectors that took the brunt as a result of the lockdowns and restrictions across the Group’s key geographical markets, namely Australia, New Zealand, Malaysia and the United Kingdom. However, the Group remained nimble and agile, and undertook quick and decisive measures to successfully mitigate and manage the impact of COVID-19 pandemic to its operations.
- The Group was able to continue its business operations despite the lockdowns and restrictions, turning its focus towards e-commerce and delivery options to mitigate the loss in revenue from dine-in services. It also worked closely with landlords to negotiate rental waivers for F&B retail outlets in its network. As a result, the Group was able to remain profitable during the unprecedented times, reporting net profit attributable to equity holders of the Company of A\$0.8mil for FY2020.

- The fundamentals of the Group's business remain strong. Supported by its healthy net cash position and low gearing, the Group was confident in its ability to weather this crisis. Rental rates have fallen across its key geographical markets since the onset of COVID-19. This crisis has presented an opportunity to secure lower rental rates at prime locations as the Group prepares to ride the recovery once it adapts to the new normal.
- The Group's success over the years can be attributed to the hard work and unwavering contribution from various parties.

On behalf of the Board, the Chairman of the Meeting extended his sincere appreciation to the Group's valued customers, shareholders and business associates for their support and trust. He was thankful to the Directors for their astute leadership and invaluable insights in steering the Group ahead, and our management team and staff for their hard work and dedication during this challenging time. The Group is confident that it can deal with the challenges, return to sustainable growth, and most importantly position the Group for long-term success.

NOTICE OF MEETING

In line with the provisions under the Alternative Arrangements Order, no printed copies of the Notice of AGM, the Annual Report and the Appendix of the Meeting were despatched to shareholders of the Company. However, an electronic copy of each of the Notice of AGM, the Annual Report and the Appendix had been made available on the Company's corporate website and SGXNET.

The Notice of the AGM was taken as read.

VOTING BY WAY OF POLL

As the live webcast would not provide for online voting, it was noted that a shareholder who had wished to exercise his/her/its voting rights at the Meeting should have appointed the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting at least 72 hours before the Meeting. In appointing the Chairman of the Meeting as proxy, such shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the Meeting as proxy ("**Proxy Form**"), failing which the appointment would be treated as invalid.

Investors who had held their shares through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF Investors, SRS investors and holders under depository agents) and who had wished to exercise their votes by appointing the Chairman of the Meeting as proxy should have approached their respective relevant intermediaries (including their respective CPF agent banks, SRS approved banks or depository agents) to submit their voting instructions by 9.30 a.m. on 11 November 2020.

It was noted that the Chairman of the Meeting had been appointed as proxy by the shareholders and would be voting in accordance with their instructions. All resolutions at the Meeting would be voted by way of poll which also complies with the requirement of the Listing Manual – Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited (the "**Catalist Rules**") for all listed companies to conduct voting by poll for all general meetings, as well as to accord due respect to the full voting rights of shareholders.

Boardroom Corporate & Advisory Services Pte. Ltd. and DrewCorp Services Pte Ltd had been appointed as Polling Agent and Scrutineer, respectively. It was noted that the Scrutineer had checked the validity of the proxy forms received and prepared a report on the poll results which would be announced after each motion has been formally proposed at the Meeting.

QUESTIONS & ANSWERS

The Meeting noted that the Company had addressed the substantial and relevant questions submitted by shareholders no later than 9.30 a.m. on 17 November 2020 in an announcement released to the Singapore Exchange Securities Trading Limited via the SGXNET on 19 November 2020 (“**Q&A Summary**”). A copy of the Q&A Summary is annexed to these minutes as Appendix I.

The Meeting proceeded with the agenda of the Meeting.

ORDINARY BUSINESS:

DIRECTORS’ STATEMENT AND AUDITED FINANCIAL STATEMENTS – RESOLUTION 1

The meeting proceeded to receive and adopt the Directors’ Statement and Audited Financial Statements for FY2020 together with the Auditors’ Report thereon.

Following the proposal of the motion for Resolution 1 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	178,027,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 1 was carried and it was RESOLVED:

“That the Directors’ Statement and the Audited Financial Statements for the financial year ended 30 June 2020 together with the Auditors’ Report be received and adopted.”

RE-ELECTION OF MR SAW TATT GHEE AS A DIRECTOR – RESOLUTION 2

Mr Saw Tatt Ghee, who was retiring under Regulation 110 of the Company’s Constitution, had consented to continue in office.

Following the proposal of the motion for Resolution 2 by Mr Yap Zhi Chau, an Independent Director and a Shareholder of the Company, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	94,911,944	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 2 was carried and it was RESOLVED:

“That Mr Saw Tatt Ghee be re-elected as a Director of the Company.”

RE-ELECTION OF MR CHAN WEE KIANG AS A DIRECTOR – RESOLUTION 3

Mr Chan Wee Kiang, who was retiring under Regulation 110 of the Company’s Constitution, had consented to continue in office.

Mr Chan Wee Kiang would, upon re-election as a Director of the Company, remain as Lead Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees, and would be considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Following the proposal of the motion for Resolution 3 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were shown on the screen:

	Votes	%
No. of shares for:	178,027,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 3 was carried and it was RESOLVED:

“That Mr Chan Wee Kiang be re-elected as a Director of the Company.”

DIRECTORS’ FEES – RESOLUTION 4

The Board had recommended the payment of Directors’ fees of S\$96,000 for the financial year ending 30 June 2021, to be paid quarterly in arrears.

Following the proposal of the motion for Resolution 4 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were shown on the screen:

	Votes	%
No. of shares for:	176,567,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 4 was carried and it was RESOLVED:

“That the Directors’ fees of S\$96,000 for the financial year ending 30 June 2021 be approved and that such fee be paid quarterly in arrears.”

RE-APPOINTMENT OF AUDITORS – RESOLUTION 5

The meeting was informed that the retiring Auditors, Baker Tilly TFW LLP, Public Accountants and Chartered Accountants, had expressed their willingness to accept re-appointment.

Following the proposal of the motion for Resolution 5 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	178,027,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 5 was carried and it was RESOLVED:

“That Messrs Baker Tilly TFW LLP, Public Accountants and Chartered Accountants, be re-appointed as Auditors of the Company at a remuneration to be determined by the Directors.”

ANY OTHER ORDINARY BUSINESS

As no notice of any other ordinary business has been received by the Secretaries, the Meeting proceeded to deal with the special business of the meeting.

SPECIAL BUSINESS:

AUTHORITY TO ISSUE SHARES – RESOLUTION 6

Resolution 6 was to authorise the Directors to allot and issue shares pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806 of the Catalist Rules.

The meeting noted the text of the resolution set out under item 6 in the Notice of AGM on pages 117 and 118 of the Annual Report.

Following the proposal of the motion for Resolution 6 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	178,027,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 6 was carried and it was RESOLVED:

“That pursuant to Section 161 of the Companies Act, Chapter 50 (the “**Companies Act**”) and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:

- (a) (i) allot and issue shares in the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,
- at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided always that:

- (1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities;

- (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules;
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER THE ST GROUP PERFORMANCE SHARE PLAN – RESOLUTION 7

Resolution 7 was to authorise the Directors to issue shares under the ST Group Performance Share Plan.

The meeting noted the text of the resolution set out under item 7 in the Notice of AGM on page 118 of the Annual Report.

Following the proposal of the motion for Resolution 7 by Mr Yap Zhi Chau, an Independent Director and a Shareholder, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	17,804,544	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 7 was carried and it was **RESOLVED**:

“That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to grant awards under the prevailing ST Group Performance Share Plan (the “Scheme”) and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the vesting of awards granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of shares issued and/or issuable pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.”

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE – RESOLUTION 8

Resolution 8 was to authorise the Directors to purchase or otherwise acquire issued ordinary shares in the capital of the Company not exceeding in aggregate the Maximum Percentage pursuant to Sections 76C and 76E of the Companies Act, Chapter 50.

The text of the resolution is set out under item 8 in the Notice of this meeting on pages 119 and 120 of the Annual Report.

Following the proposal of the motion for Resolution 8 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer were announced:

	Votes	%
No. of shares for:	178,027,744	100.00
No. of share against:	0	0.00

Based on the results of the poll, Resolution 8 was carried and it was RESOLVED:

“That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company (the “**Directors**”) of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the “**Shares**”) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to but not exceeding the Maximum Price (as hereafter defined), whether by way of:

- (i) market purchase(s) (“**Market Purchase(s)**”) on the SGX-ST transacted through the SGX-ST trading system; and/or
- (ii) off-market purchase(s) (“**Off-Market Purchase(s)**”) (if effected otherwise than on the SGX-ST as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Buyback Mandate**”);

(b) unless revoked or varied by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Company at a general meeting (if so varied or revoked prior to the next annual general meeting); and
- (iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made;

“**date of the making of the offer**” means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from holders of Shares, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

“**Market Day**” means a day on which the SGX-ST is open for securities trading;

“Maximum Percentage” means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) which shall not exceed 105.0% of the Average Closing Price of the Shares (for both Market Purchases and Off-Market Purchases); and

- (d) the Directors and/or any of them be and are and/or is hereby authorised and empowered to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.”

CONCLUSION

There being no other business to transact, the AGM of the Company was declared closed at 10.05 a.m.

Confirmed as True Record of Proceedings held

Saw Tatt Ghee
Chairman of the Meeting



S T G R O U P

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(Incorporated in the Republic of Singapore on 11 January 2018)
 (Company Registration No: 201801590R)

RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RELATION TO THE ANNUAL GENERAL MEETING TO BE HELD ON 20 NOVEMBER 2020

The board of directors (the “**Board**”) of ST Group Food Industries Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**” or “**ST Group**”) refers to the notice of annual general meeting (“**AGM**”) released by the Company on 5 November 2020 in relation to the Company’s AGM to be held by electronic means on 20 November 2020 at 9.30 a.m. and would like to thank shareholders of the Company (“**Shareholders**”) for submitting their questions in advance of the Company’s AGM.

The Board would like to provide responses to the questions frequently asked by Shareholders in the format as broken down into the key topics as follows:

- A. COVID-19 Impact and Business Performance
- B. Financial and Capital Structure
- C. Business Strategy and Outlook

A. COVID-19 Impact and Business Performance	
1.	<p>Can ST Group share and break down by geographical segments:</p> <ul style="list-style-type: none"> a. the latest revenue from dine-in service compared against pre-COVID-19 levels? b. the composition of revenue generated from takeaway and food delivery services?
	<p>a. ST Group has two brands that offer mainly dine-in services, namely, “PappaRich” and “IPPUDO”. The revenue generated by these brands vary based on locations within a geographical segment (for example, the revenue generated by an outlet located in the central business district area would be different as compared to an outlet located in a residential suburb) and the restrictions imposed by the respective local authorities.</p> <p>Based on management information as of 30 June 2020, the dine-in revenue for four of the Group’s largest food and beverage (“F&B”) retail outlets had recovered from approximately 10% of pre-COVID-19 level at the height of the pandemic to approximately 72% of pre-COVID-19 level.</p> <p>Currently, the COVID-19 pandemic is largely under control in Australia and New Zealand whereas Malaysia and England are experiencing second waves of the COVID-19 outbreak. The Group’s “PappaRich” and “IPPUDO” outlets are located in Australia and New Zealand, and are able to serve dine-in customers with safe distancing measures in place.</p>

	<p>b. The composition of takeaway and food delivery services revenue greatly depends on the state of the COVID-19 pandemic and restrictions imposed in the respective geographical segments. As at 30 June 2020, the Group had seen significantly higher proportion of revenue generated from delivery services in regions affected by movement restriction. The composition of revenue generated from food delivery services for “PappaRich”, “IPPUDO” and “Gong Cha” brands in the respective geographical segment for the month of May 2020 and June 2020 are as follow:</p> <table border="1" data-bbox="320 439 1086 629"> <thead> <tr> <th data-bbox="320 439 424 533"></th> <th data-bbox="424 439 762 533">Geographical segment</th> <th data-bbox="762 439 1086 533">Percentage of food delivery revenue over total revenue</th> </tr> </thead> <tbody> <tr> <td data-bbox="320 533 424 562">(i)</td> <td data-bbox="424 533 762 562">Australia</td> <td data-bbox="762 533 1086 562">39%</td> </tr> <tr> <td data-bbox="320 562 424 591">(ii)</td> <td data-bbox="424 562 762 591">New Zealand</td> <td data-bbox="762 562 1086 591">13%</td> </tr> <tr> <td data-bbox="320 591 424 629">(iii)</td> <td data-bbox="424 591 762 629">United Kingdom</td> <td data-bbox="762 591 1086 629">45%</td> </tr> </tbody> </table> <p>The Group does not have takeaway revenue data readily available and hence is unable to comment on the composition of revenue generated from takeaway.</p>		Geographical segment	Percentage of food delivery revenue over total revenue	(i)	Australia	39%	(ii)	New Zealand	13%	(iii)	United Kingdom	45%
	Geographical segment	Percentage of food delivery revenue over total revenue											
(i)	Australia	39%											
(ii)	New Zealand	13%											
(iii)	United Kingdom	45%											
2.	<p>The Company has recognised impairment losses on the following investments:</p> <ul style="list-style-type: none"> (i) A\$1,191,484 in STG Confectionery Pty Ltd; (ii) A\$145,221 in STG Confectionery 2 Pty Ltd; (iii) A\$146,485 in STG Entertainment Pty Ltd; and (iv) A\$349,235 in STG Food Industries Malaysia Sdn Bhd <p>What has contributed to the impairment losses above?</p>												
	<p>Impairment review on investment in subsidiaries as at 30 June 2020 was conducted by the management against the backdrop of the COVID-19 pandemic. As part of the impairment review, the Group had performed cash flow projections to arrive at the recoverable amounts of the abovementioned investments. Impairment losses were recognised for the excess of carrying investment costs over the recoverable amount projected.</p> <p>The COVID-19 pandemic has adversely affected the profitability of these businesses, as they are mainly located in the areas with movement restrictions and/ or recorded high number of COVID-19 cases. As a result, the recoverable amount of these investments were projected to be lower than the carrying investment cost, and the Group had to recognise impairment losses as stated above.</p>												
3.	<p>It was noted that “Consultancy and legal fees” has increased from A\$139,528 in 2019 to A\$303,393 in 2020. What has contributed to this increase?</p>												
	<p>As part of the process of starting up the Group’s “Gong Cha” business in a new jurisdiction in England, the services of professionals were engaged to provide support to the F&B retail outlet and warehouse operations. The increase in consultancy and legal fees was mainly due to the remuneration payable to these professionals.</p>												
4.	<p>During the financial year, ST Group has recognised losses on the following items:</p> <ul style="list-style-type: none"> (i) fair value loss of A\$88,120 was recognised on unquoted equity shares of PPR Cockburn in Western Australia; (ii) allowance for impairment of trade receivables of A\$27,388; (iii) bad debt of A\$127,000 on sundry receivable <p>What are these items related to?</p>												
	<p>Both the “PappaRich” and “NeNe Chicken” franchised outlets located in Cockburn, Western Australia had been adversely impacted by the COVID-19 pandemic and both outlets have ceased operations as at 30 June 2020.</p> <p>ST Group owns 20% interest in PPR Cockburn, which ran the “Papparich” Cockburn outlet, and had recognised a A\$88,120 fair value loss on the carrying amount of this investment as at</p>												

	<p>30 June 2020. ST Group had also advanced a total loan of A\$127,000 to PPR Cockburn, and this amount had been deemed irrecoverable as at 30 June 2020.</p> <p>In addition, the Group provided for impairment losses of A\$27,388 on trade receivables from the NeNe Cockburn outlet due to the termination of operations mentioned above.</p> <p>Subsequent to 30 June 2020, the Group had appointed a new franchisee to take over and recommence “PappaRich” operations in Cockburn, to ensure the Group continues to generate supply chain and franchise revenue from this location.</p>
5.	<p>It was reported in the Annual Report that store closures related costs amounted to A\$0.6 million during the year. What brands and in which countries are these store closures pertaining to?</p>
	<p>FY2020 had been a challenging year as the unprecedented COVID-19 pandemic took its toll on global economy, especially on the F&B sector. ST Group took the opportunity to consolidate its retail outlets and closed three non-performing Group-owned outlets, namely:</p> <ul style="list-style-type: none"> (i) a “Hokkaido Baked Cheese Tart” outlet in Western Australia, Perth; (ii) a “Hokkaido Baked Cheese Tart” outlet in Auckland, New Zealand; and (iii) a “NeNe Chicken” outlet in Kuala Lumpur, Malaysia <p>The total net book value of the property, plant and equipment written off arising from the closure of these outlets amounted to A\$0.6 million.</p>
6.	<p>Profit for “Supply Chain” segment had decreased from A\$2.2 million in FY2019 to a loss of A\$0.6 million in FY2020. What was the reason behind the decrease and what is the management’s plan going forward?</p>
	<p>The COVID-19 pandemic had affected the Group’s “Supply Chain” operations. Orders for “Supply Chain” products had declined due to various COVID-19 restrictions imposed by the respective local authorities and in the meanwhile, there were significant fixed costs incurred in the “Supply Chain” segment such as rental expenses and plant and equipment depreciation. As a result, the “Supply Chain” segment incurred a loss of A\$0.6 million in 2020.</p> <p>The demand for F&B retail outlet has increased since the end of FY2020, as restrictions were eased in most of the key geographical segments that the Group operates in. The management is continually monitoring the latest COVID-19 development and actively managing variable costs.</p>
7.	<p>Despite revenue declining by 15.6% and profit for the year declining by 92.1%, the aggregate remuneration paid to the top five Key Management Personnel had increased by 10.7% from A\$462,743 in FY2019 to A\$512,423 in FY2020. What are the reasons behind this increase?</p>
	<p>The Group experienced significant growth in the number of F&B retail outlets in New Zealand and England over the past 2 years. The Key Management Personnel of the Group had spent significantly more time and effort sourcing for new outlets and managing existing outlets, and they had been compensated accordingly for expanding the Group’s network in these geographical segments.</p> <p>The Group does not fully disclose the remuneration of each Key Management Personnel due to the confidentiality and commercial sensitivity relating to remuneration matters.</p>
B. Financial and Capital Structure	
8.	<p>What is the budgeted capital expenditure over the next 2-3 years, and how will it be funded?</p>
	<p>In the current economic climate, the Group is cautiously optimistic of its expansion plans for the future. The Group views the crisis as an opportunity to secure lower rental rates at prime locations once the business environment fully adapts to the new normal.</p> <p>As at 30 June 2020, the Group had total cash and cash equivalents of A\$8.2 million against total borrowings of A\$1.4 million. The Group expects to fund future capital expenditure with</p>

	<p>internal resources and, if necessary, to increase borrowings by taking advantage of the low borrowing costs in the current market.</p> <p>In FY2021, the Group expects to incur capital expenditure of A\$2.8 million to set up 6 Group-owned outlets. Due to the uncertainty caused by COVID-19 pandemic, the Group is unable to comment on the expansion plan beyond FY2021.</p> <p>Based on the Group's cash position as at 30 June 2020, the Group has sufficient cash to fund these capital expenditures internally.</p>
9.	<p>One of the subsidiaries of ST Group, Gong Cha Limited, did not fulfil certain loan covenants during the year. What are the plans for this breach of loan covenants?</p>
	<p>The lender has not demanded repayment of the borrowings. The Group is in the process of seeking a waiver for this breach of loan covenant from the lender and thus far there is nothing to suggest that the waiver will not be granted.</p>
<p>C. Business Strategy and Outlook</p>	
10.	<p>ST Group operates multiple F&B brands in both Australia and New Zealand. Why is there only one single brand (i.e. NeNe Chicken) in Malaysia despite the Company's plan of allocating S\$0.6 million net proceeds from its initial public offer towards establishing a new central kitchen and corporate office in Malaysia?</p>
	<p>The Group holds exclusive license rights to the "NeNe Chicken" brand in Malaysia. As for the other established F&B brands that the Group currently operates in Australia, New Zealand and England, namely "PappaRich", "NeNe Chicken", "Hokkaido Baked Cheese Tart", "Gong Cha" and "IPPUDO", there are existing brand owners or master license holders operating these brands in Malaysia. As a result, the Group is unable to operate these brands in Malaysia.</p> <p>The Group is always on the lookout to expand its brands portfolio in all the geographical segments that it operates in, provided that these business opportunities meet the Group's stringent criteria for brand selection.</p> <p>The Company is continually assessing the feasibility of establishing a new central kitchen and corporate office in Malaysia in light of the COVID-19 pandemic, and will update Shareholders as and when there are material developments.</p>
11.	<p>"Gong Cha" and "NeNe Chicken" brand had demonstrated strong growth over the last five years. What are the positive trends that contributed to this growth?</p>
	<p>The Group has an experienced management team that is able to identify new trends and adapt to changing consumer preferences.</p> <p>The Group secured the master franchise for "NeNe Chicken" in Australia in 2014 in response to the growing prominence of the Korean Wave, also known as Hallyu. The management team is continually fine-tuning the "NeNe Chicken" menu to cater to local preferences, which has been instrumental to the positive growth of "NeNe Chicken" in Australia.</p> <p>The Group also identified an opportunity in the bubble tea scene in New Zealand, and brought the "Gong Cha" brand to New Zealand in 2015. Bubble tea has been well received by the local community in New Zealand and the Group is currently the market leader in the bubble tea scene with 17 outlets in New Zealand as at 30 June 2020.</p>
12.	<p>The number of "Hokkaido Baked Cheese Tart" brand outlets had declined from a peak of 18 outlets to 15 outlets at 30 June 2020. What is the reason behind such decrease?</p>
	<p>Over the past two years, the Group created two new in-house brands specialising in pastry products, namely "PAFU" and "KURIMU". The Group's strategy going forward is to consolidate the pastry outlets and cross-sell all pastry products ("Hokkaido Baked Cheese Tarts", "PAFU")</p>

	and "KURIMU") across these brands' outlets, as the Group is able to leverage on synergies of these three brands.
13.	It was noted in the Annual Report that the Group had increased the number of outlets from 116 outlets as at 30 June 2020 to 121 outlets as at 17 September 2020. It was further noted that the Group had signed contracts to open a total of seven Group-owned and sub-franchised/sub-licensed outlets across Australia, Malaysia and New Zealand by December 2020. Which brands contributed to the increase of these 12 outlets?
	<p>The fundamentals of the Group remain strong and it will adopt a cautious approach to its business expansion strategies in the near future, while remaining on the lookout for potential opportunities to take advantage of favourable leases for potential new outlets.</p> <p>The "PappaRich" brand has fared well with its sub-franchisees in Australia and three additional sub-franchised outlets are slated to open by December 2020. The Group has also committed to opening a Group-owned outlet under the "Go Noodle House" brand in a popular shopping centre in the state of Victoria, Australia.</p> <p>In addition, the Group is expecting new outlets opening for IPPUDO, Gong Cha, KURIMU and NeNe Chicken brands by December 2020.</p>

BY ORDER OF THE BOARD

Saw Tatt Ghee
Executive Chairman and Chief Executive Officer
19 November 2020

This announcement has been prepared by ST Group Food Industries Holdings Limited (the "Company") 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 Catalyst.

This announcement has not been examined or approved by the SGX-ST. 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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