
Second Quarter Financial Statements and Dividend Announcement for the Period Ended 31 March 2020

Pursuant to Rule 705(2C) of the Listing Manual Section B: Rules of Catalist, the Singapore Exchange Regulation requires the Company to continue to announce its quarterly financial statements with effect from 7 February 2020.

No Signboard Holdings Ltd. (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 30 November 2017. The initial public offering (the “**IPO**”) of the Company was sponsored by RHT Capital Pte. Ltd. (the “**Sponsor**”).

The Company has announced the findings of the independent review on 29 April 2020. Based on the proposed adjustments stated in the report, all adjustments have been taken up in the results previously announced on SGXNET on 1 February 2019, 10 May 2019 and 6 August 2019. Accordingly, there are no material variance which may affect the 2Q2020 results.

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s Sponsor for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assume 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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1(a)(i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP					
	Second Quarter ended 31 March		Increase (Decrease)	6 months ended 31 March		Increase (Decrease)
	2020	2019		2020	2019	
	\$	\$	%	\$	\$	%
Revenue	4,139,114	6,802,127	(39.1)	10,133,282	12,410,913	(18.4)
Other income	152,837	114,638	33.3	223,009	197,519	12.9
Raw materials and consumables used	(1,444,896)	(2,164,879)	(33.3)	(3,526,347)	(4,136,136)	(14.7)
Changes in inventories	51,177	28,903	77.1	113,314	16,575	583.6
Employee benefits expense	(2,410,088)	(2,645,329)	(8.9)	(4,989,029)	(4,787,197)	4.2
Operating lease expense	(120,824)	(992,395)	(87.8)	(158,662)	(1,757,722)	(91.0)
Depreciation and amortisation expense	(1,504,275)	(250,073)	N.M.	(2,785,357)	(400,999)	N.M.
Other operating expenses	(1,019,693)	(1,221,263)	(16.5)	(2,292,404)	(2,413,874)	(5.0)
Impairment of other assets	(130,420)	-	N.M.	(130,420)	-	N.M.
Finance costs	(100,042)	(9,241)	N.M.	(184,265)	(23,243)	N.M.
Loss before income tax	(2,387,110)	(337,512)	607.3	(3,596,879)	(894,164)	302.3
Income tax	(21,154)	-	N.M.	(21,154)	(16,991)	24.5
Loss for the period	(2,408,264)	(337,512)	610.5	(3,618,033)	(911,155)	297.1
Items that may be reclassified subsequently to loss						
Exchange differences on translation of foreign operations	10,311	-	N.M.	6,246	(124)	N.M.
Total comprehensive loss for the period	(2,397,953)	(337,512)	610.5	(3,611,787)	(911,279)	296.3
Loss attributable to:						
Owners of the Company	(2,408,264)	(337,512)	613.5	(3,618,033)	(911,155)	297.1
Total comprehensive loss attributable to:						
Owners of the Company	(2,397,953)	(337,512)	610.5	(3,611,787)	(911,279)	296.3
N.M.: Not meaningful						

1(a)(ii) Notes to the income statement.

The Group's loss before tax was arrived after (crediting) / charging the following:

	GROUP					
	Second Quarter ended 31 March		Increase (Decrease)	6 months ended 31 March		Increase (Decrease)
	2020	2019		2020	2019	
	\$	\$	%	\$	\$	%
Franchise fee income	(36,000)	(36,000)	-	(72,000)	(72,000)	-
Depreciation and amortisation expenses	(1,504,275)	(250,073)	N.M.	(2,785,357)	(400,999)	N.M.
Interest income	(23,920)	(18,372)	30.2	(50,264)	(59,168)	15.0
Interest expense	100,042	9,241	N.M.	184,265	23,243	N.M.
Foreign exchange (gain) loss	(37,410)	4,419	N.M.	(19,854)	8,195	(342.3)
Income tax expense						
- Current year expense	-	-	-	-	16,991	N.M.
- Under provision in respect of prior year	21,154	-	N.M.	21,154	-	N.M.
Note:						
N.M.: Not meaningful						

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31/03/2020	30/09/2019	31/03/2020	30/09/2019
	\$	\$	\$	\$
ASSETS				
Current assets				
Cash and bank balances	12,337,213	15,792,071	11,362,044	15,231,736
Trade and other receivables	1,381,038	1,584,079	293,009	387,166
Amount due from subsidiaries	-	-	6,066,854	3,912,153
Inventories	560,084	516,640	81,767	69,650
Grant receivables	630,951	-	408,727	-
Other assets	209,611	482,027	-	-
Total current assets	15,118,897	18,374,817	18,212,401	19,600,705
Non-current assets				
Other receivables	679,296	1,065,163	489,040	489,040
Intangible assets	599,211	633,451	-	-
Plant and equipment	4,022,882	2,535,334	1,279,071	541,294
Right of use assets	8,147,956	-	2,638,120	-
Other assets	75,533	44,171	-	-
Investment in subsidiaries	-	-	100,105	100,105
Total non-current assets	13,524,878	4,278,119	4,506,336	1,130,439
Total assets	28,643,775	22,652,936	22,718,737	20,731,144
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	4,004,384	4,603,257	2,202,576	3,001,685
Lease liabilities	4,093,645	-	2,079,686	-
Deferred grant income	630,951	-	408,727	-
Contract liabilities	391,956	626,733	-	-
Long term borrowings – current portion	308,194	-	308,194	-
Amount due to holding company	44,021	44,021	44,021	44,021
Provisions	170,223	170,223	133,274	133,274
Income tax payable	17,093	17,093	-	-
Total current liabilities	9,660,467	5,461,327	5,176,478	3,178,980
Non-current liabilities				
Provisions	297,927	271,403	161,327	161,327
Long term borrowings	1,012,636	-	1,012,636	-
Lease liabilities	4,636,953	-	902,191	-
Total non-current liabilities	5,947,516	271,403	2,076,154	161,327
Capital, reserves and non-controlling interest				
Share capital	25,181,005	25,181,005	25,181,005	25,181,005
Capital reserve	(695,938)	(695,938)	2,063,751	2,063,751
Accumulated losses	(11,440,095)	(7,549,435)	(11,778,651)	(9,853,919)
Translation reserve	(9,180)	(15,426)	-	-
Equity attributable to owners of the company	13,035,792	16,920,206	15,466,105	17,390,837
Non-controlling interests	-	-	-	-
Total equity	13,035,792	16,920,206	15,466,105	17,390,837
Total liabilities and equity	28,643,775	22,652,936	22,718,737	20,731,144

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Amount payable in one year or less or on demand

As at 31/03/2020		As at 30/09/2019	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	308,194	-	-

Amount repayable after one year

As at 31/03/2020		As at 30/09/2019	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	1,012,636	-	-

Details of any collaterals.

Not applicable.

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

	Group			
	Second quarter ended 31 March		Half year ended 31 March	
	2020	2019	2020	2019
	\$	\$	\$	\$
Operating activities				
Loss before income tax	(2,387,110)	(337,512)	(3,596,879)	(894,164)
Adjustments for:				
Depreciation and amortisation expenses	1,504,275	250,073	2,785,357	400,999
Impairment of other assets	130,420	-	130,420	-
Gain on disposal of plant and equipment	(1,872)	-	(7,872)	-
Foreign exchange differences	16,658	-	14,111	(124)
Interest income	(23,920)	(18,372)	(50,264)	(59,168)
Interest expense	100,042	9,241	184,265	23,243
Operating cash flows before movements in working capital	(661,507)	(96,570)	(540,862)	(235,165)
Trade and other receivables	368,734	740,295	190,184	709,258
Inventories	(26,085)	(79,209)	(43,444)	(189,564)
Other assets	84,913	64,019	110,635	207,369
Trade and other payables	222,925	22,213	(741,993)	177,164
Contract liabilities	207,105	-	75,239	-
Amount due to holding company	(53,928)	168,124	-	109,378
Provisions	40,000	(23,188)	26,524	(130,037)
Cash (used in) generated from operations	182,157	795,684	(923,717)	354,354
Income tax paid	(21,154)	(301,655)	(21,154)	(301,655)
Net cash from (used in) operating activities	161,003	494,029	(944,871)	52,699
Investing activities				
Purchase of plant and equipment	(724,620)	(613,674)	(1,676,391)	(2,032,290)
Proceeds from disposal of plant and equipment	328	-	3,627	-
Payment of franchise fees	-	(68,674)	-	(684,813)
Amount due to a former director of subsidiary for the acquisition of non-controlling interest in a subsidiary in prior year	-	(240,000)	-	(240,000)
Interest received	28,778	18,372	50,264	59,168
Net cash used in investing activities	(695,514)	(903,976)	(1,622,500)	(2,897,935)
Financing activities				
Proceeds from long-term loan	1,320,830	-	1,320,830	-
Repayment of short-term loans	-	-	-	(1,054,046)
Payment of lease liabilities	(1,122,757)	-	(2,024,052)	-
Interest portion of lease liabilities	(94,665)	-	(178,888)	-
Interest paid on bank borrowings	(5,377)	(9,348)	(5,377)	(22,631)
Net cash from (used in) financing activities	98,031	(9,348)	(887,487)	(1,076,677)
Net decrease in cash and cash equivalents	(436,480)	(419,295)	(3,454,858)	(3,921,913)
Cash and cash equivalents at beginning of period	12,773,693	20,157,080	15,792,071	23,659,698
Cash and cash equivalents at end of period	12,337,213	19,737,785	12,337,213	19,737,785

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

	GROUP				
	Share capital	Capital reserve	Translation reserve	Accumulated profits (losses)	Total
	\$			\$	\$
Balance as at 1 October 2018	25,181,005	(695,938)	124	(2,697,926)	21,787,265
Total comprehensive loss for the period					
Loss for the period	-	-	-	(573,643)	(573,643)
Other comprehensive loss	-	-	(124)	-	(124)
Total	-	-	(124)	(573,643)	(573,767)
Balance as at 31 December 2018	25,181,005	(695,938)	-	(3,271,569)	21,213,498
Total comprehensive loss for the period					
Loss for the period	-	-	-	(337,512)	(337,512)
Other comprehensive loss	-	-	-	-	-
Total	-	-	-	(337,512)	(337,512)
Balance at 31 March 2019	25,181,005	(695,938)	-	(3,609,081)	20,875,986
Balance as at 1 October 2019	25,181,005	(695,938)	(15,426)	(7,549,435)	16,920,206
Effects of adopting SFRS (I) 16	-	-	-	(272,627)	(272,627)
Balance as at 1 October 2019 (restated)	25,181,005	(695,938)	(15,426)	(7,822,062)	16,647,579
Total comprehensive loss for the period					
Loss for the period	-	-	-	(1,209,768)	(1,209,768)
Other comprehensive loss	-	-	(4,065)	-	(4,065)
Total	-	-	(4,065)	(1,209,768)	(1,213,833)
Balance at 31 December 2019	25,181,005	(695,938)	(19,491)	(9,031,830)	15,433,746
Total comprehensive loss for the period					
Loss for the period	-	-	-	(2,408,264)	(2,408,264)
Other comprehensive loss	-	-	10,311	-	10,311
Total	-	-	10,311	(2,408,264)	(2,397,953)
Balance as at 31 March 2020	25,181,005	(695,938)	(9,180)	(11,440,095)	13,035,792

	COMPANY			
	Share capital	Capital reserve	Accumulated (losses) profits	Total
	\$	\$	\$	\$
Balance as at 1 October 2018	25,181,005	2,063,751	4,726	27,249,482
Profit for the period, representing total comprehensive income for the period	-	-	587,286	587,286
Balance as at 31 December 2018	25,181,005	2,063,751	592,012	27,836,768
Profit for the peior, representing total comprehensive income for the period	-	-	501,639	501,639
Balance at 31 March 2019	25,181,005	2,063,751	1,093,651	28,338,407
Balance as at 1 October 2019	25,181,005	2,063,751	(9,853,919)	17,390,837
Effects of adopting SFRS(I) 16	-	-	(145,091)	(145,091)
Balance as at 1 October 2019 (restated)	25,181,005	2,063,751	(9,999,010)	17,245,746
Loss for the period, representing total comprehensive loss for the period	-	-	(1,089,572)	(1,089,572)
Balance at 31 December 2019	25,181,005	2,063,751	(11,088,582)	16,156,174
Loss for the period, representing total comprehensive loss for the period	-	-	(690,069)	(690,069)
Balance as at 31 March 2020	25,181,005	2,063,751	(11,778,651)	15,466,105

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

There is no change in the Company's share capital since the end of the previous period reported on.

As at 31 March 2020 and 30 September 2019, the Company's issued and paid-up capital was \$25,181,005.

There are no outstanding convertibles, shares held as treasury shares and subsidiary holdings as at 31 March 2020 and 31 March 2019.

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

	31/03/2020	30/9/2019
Number of shares held as treasury shares	-	-
Total no. of issued shares (excluding treasury shares)	462,392,475	462,392,475

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

There are no treasury shares held by the Company.

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

During the financial period, there were no transaction pertaining to subsidiary holdings.

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

The figures have not been audited nor reviewed by the auditors of the Company.

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

Not applicable.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

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

Except as described in paragraph 5 below, the Group has applied the same accounting policies and methods of computation to the financial statements for the current financial period and the annual financial statements for the financial year ended 30 September 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 October 2019, the Group adopted Singapore Financial Reporting Standards (International) 16 Leases ("SFRS (I) 16"), which is effective for the financial year beginning 1 October 2019.

SFRS (I) 16 introduced a single, on-balance sheet lease accounting model for leases. A lessee is required to recognise a right-of-use asset ("ROU asset") representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. Under SFRS (I) 16, remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate. In addition, the nature of the expenses will now change as SFRS (I) 16 replaces straight-line operating leases with depreciation charge of ROU assets (where relevant) and interest expense on lease liabilities.

The Group has applied SFRS (I) 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS (I) 16 is recognised as an adjustment to the opening balance of accumulated (losses) profit with no restatement of comparative information. The ROU assets are recognised at its carrying amount as if SFRS (I) 16 has been applied since the commencement date, discounted using the discount rate determined at the date of initial application and lease liabilities shall be recognised at the present value of the remaining lease payments, discounted using the discount rate determined at the date of initial application. In addition, the Group elected the following practical expedients:

- (i) Not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- (ii) To apply the exemption not to recognise ROU asset and liabilities to lease for which the lease term ends within 12 months as at 1 October 2019; and
- (iii) To apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The impact on the Group's financial statements arising from the adoption of SFRS (I) 16 is as follows:

Group Statement of financial position	As at 1 October 2019	
	Group	Company
	\$	\$
Increase in assets:		
Right of use assets	7,872,091	3,968,065
Increase in liabilities:		
Lease liabilities	8,144,718	4,113,156
Decrease in net assets	(272,627)	(145,091)
Decrease in accumulated (losses) profit	(272,627)	(145,091)

According to the Institute of Singapore Chartered Accountants (ISCA), Financial Reporting Bulletin 5 ("FRB-5"), the related rental rebates to tenants arising from property tax rebates to the landlords granted by the Singapore Government are in substance government grants. For other voluntary COVID-19 related rental concession given by landlords out of goodwill, these concessions have been assessed to give rise to a lease modification under SFRS (I) 16, pending the deliberated outcome of the proposed amendments to IFRS 16, which involves providing lessee with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

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

	GROUP			
	Second Quarter ended 31 Mar		Half year ended 31 Mar	
	2020	2019	2020	2019
Earnings per ordinary share:-				
(a) Based on the weighted average number of ordinary shares in issue; and	-0.52 cents	-0.07 cents	-0.78 cents	-0.20 cents
(b) On a fully diluted basis	-0.52 cents	-0.07 cents	-0.78 cents	-0.20 cents

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

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	GROUP		COMPANY	
	31-03-20	30-09-19	31-03-20	30-09-19
Net asset value per ordinary share based on existing issued share capital (cents)	2.82	3.66	3.34	3.76
No. of shares	462,392,475	462,392,475	462,392,475	462,392,475

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

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

STATEMENT OF COMPREHENSIVE INCOME

Revenue

The Group's revenue of \$4.1 million for the period ended 31 March 2020 ("2Q2020") was lower by 39.1% as compared to \$6.8 million in the previous corresponding period. The seafood restaurants sales accounted for 61% of total revenue for 2Q2020 as compared to 69% in previous corresponding period. Topline has been impacted by a decline in the number of customers starting from February 2020 as the country started to report new COVID-19 cases and the subsequent impact of travel entry restrictions imposed on short term visitors into Singapore that resulted in the substantial decrease in the number of tourist coming to Singapore.

Hotpot sales contributed to 17% of total revenue mainly following the opening of the 2nd hotpot outlet in the first quarter of FY2020. Quick-serve restaurants and beer segment contributed approximately \$0.37 million towards the Group's revenue in 2Q2020.

For the first half year ended 31 March 2020 (“1H2020”), overall revenue was lower by 18.4% as compared to prior comparative period mainly due to the loss of revenue from the temporary closure of our seafood restaurant outlet at Esplanade for approximately 2 months to carry out major renovation works in 1Q2020 and impact of COVID-19 in 2Q2020.

Raw materials and consumables used and changes in inventories

Total raw materials and consumables used and changes in inventories reduced by 33.3% in 2Q2020 and 12.9% in 1H2020 respectively as compared to prior comparative periods due to a corresponding decrease in revenue.

Employee related expense, Operating lease expense and Other operating expenses

Employee related expenses in 2Q2020 reduced by 8.9%, which is proportionately less than the reduction in revenue due to fixed staff costs. For 1H2020, overall employee related expenses increased by 4.2% due to the expansion in restaurant business in 1Q2020, which had led to the overall increase in staff costs and other operating expenses compared to the previous corresponding period. This is coupled with the pre-operating costs incurred in 1Q2020 for the opening of the second hotpot restaurant and the first seafood restaurant in Shanghai.

The decrease in operating lease expenses in 1H2020 is due to the adoption of SFRS(I) 16 where operating leases were accounted for as a “ROU asset” and depreciated accordingly, with the expenses recognised as “Depreciation expense”.

For comparison purpose, without consideration of SFRS(I) 16, operating lease expense would have increased from \$1.76 million in 1H2019 to \$1.98 million in 1H2020 due to the new outlets.

Depreciation and amortisation expenses

Depreciation for 2Q2020 increased by \$1.25 million mainly was due to adoption of SFRS(I) 16, where operating leases were accounted for as a “ROU asset” and depreciated accordingly, with the expenses recognised as “Depreciation expense”.

For comparison purpose, without consideration of SFRS(I) 16, depreciation expense would have increased from \$0.25 million in 2Q2019 to \$0.42 million in 2Q2020 due to additional capital expenditure spent on equipment and renovation of the new outlets.

Loss before income tax and loss for the year

The Group has reported a net loss before income tax of \$3.6 million in 1H2020 due to loss of revenue from the temporary closure of seafood restaurant outlet at Esplanade and lower revenue from the beer business, coupled with an increased in expenses incurred in 1Q2020 and the impact of COVID-19 in 2Q2020 which has resulted in revenue reduction and the corresponding impact on net profit.

BALANCE SHEET

The Group

Current assets

Current assets declined by 17.7% from \$18.4 million as at 30 September 2019 (“FY2019”) to \$15.1 million as at 31 March 2020 (“FY2020”), mainly due to the decrease in cash and bank balances, which has been utilised for the renovation of the seafood restaurant at Esplanade, setup of the second hotpot restaurant and the first seafood restaurant in Shanghai, and working capital purpose.

Non-current assets

There is an increase in non-current assets from \$4.3 million as at FY2019 to \$13.5 million as at FY2020. This was mainly due to an increase in the ROU assets of S\$8.2 million and additions to plant and equipment resulting from the expansion and renovation in restaurant segment.

Current liabilities

Current liabilities increased from \$5.5 million as at FY2019 to \$9.7 million as at FY2020 mainly due to increase in lease liabilities arising from the adoption of SFRS(I) 16.

Non-current liabilities

The increase in non-current liabilities from \$0.3 million as at FY2019 to \$5.9 million as at FY2020 was mainly due to the increase in non-current lease liabilities arising from the adoption of SFRS(I) 16 and a long-term bank borrowing of \$1.01 million.

The Company

Total current assets declined to \$18.2 million as at FY2020, mainly due to the decrease in cash and bank balances, as the Company continued to fund the Group's business expansions, including the launch of new outlets and the renovation of seafood restaurant outlet at Esplanade. Total non-current assets increased to \$4.5 million as at FY2020, mainly due to an increase in the ROU assets of S\$2.6 million on leases for the 3 seafood restaurants in Singapore by the Company, arising from the adoption of SFRS(I) 16.

Total liabilities increased to \$7.3 million as at FY2020 mainly due to an increase in lease liabilities of \$3.0 million arising from the adoption of SFRS(I) 16 and a long-term bank borrowing of \$1.31 million.

CASH FLOW STATEMENT

The Group's net cash flows used in operating activities in 1H2020 amounting to \$0.94 million is mainly attributable to working capital usage for restaurant and beer business, and expansion in hotpot and seafood restaurants.

The Group's net cash used in investing activities amounted to \$1.6 million in 1H2020, mainly for the purchase of plant and equipment.

The Group's net cash used in financing activities amounted to \$0.89 million in 1H2020, mainly due to the payment of lease liabilities which is offset by an increase in long term bank borrowings.

As at 31 March 2020, the Group's cash and cash equivalents stood at \$12.3 million.

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

There was no forecast made.

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

Due to the current developments arising from the COVID-19 situation, the Prime Minister and Ministry of Health on 3 April 2020 mandated elevated safe distancing measures restrictions, of which, the implications on all food and beverages outlets (including restaurants, hawker centres, etc) to remain open for only takeaway or delivery services from 7 April to 4 May 2020. However, on 21 April 2020, the Prime Minister announced the extension of the Circuit Breaker period until 1 June 2020. Consequently, our restaurants and outlets are only limited to takeaway and online delivery orders, without dine-in sales. Since the onset of this pandemic, the Company has intensified its social media and digital platform presence to attract different target customer types whilst trying to adapt to the potential changes in local consumer dining choices resulting from the implications of COVID-19.

Given that the situation is fluid and rapidly evolving as government policies change in tandem, the Group expects the operating environment of the local food and beverage industry to remain challenging in the next 12 months, due to uncertain economic outlook aggravated by travel restriction imposed globally that dampened consumers' demand. The Group's current key priority is to preserve cash to support working capital requirements until COVID-19 situation improves. At the same time, the Group has been conscientiously managing its costs and is taking measured steps on various cost-cutting and cost control measures as there is uncertainty on the severity and duration when the global business climate will recover from the effects of COVID-19. We expect the related impact to be reflected in the Group's financial statements for the financial year ending 30 September 2020.

Notwithstanding, the Group will continue to maneuver its way and ensure it has sufficient resources to keep operating costs low.

Despite the above challenges, the Group will continue to explore suitable opportunities to strengthen its competitive edge in its existing business and expand its F&B business both in Singapore and overseas.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

(c) Date payable

N.A.

(d) Record date

N.A.

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

The Company has reviewed its dividends payment and no dividend has been declared or recommended by the board of directors ("Board" or "Directors") for the financial period ended 31 March 2020 as there are no distributable profits for the period.

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

The Company has not obtained a general mandate from shareholders for Interested Person Transactions ("IPTs").

The aggregate value of interested person transactions entered into during half year ended 31 March 2020 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
GuGong Pte. Ltd.	\$100,800 ⁽¹⁾	Not applicable

Note:

⁽¹⁾ During the period, the Company has:

(i) a payable of \$100,800 as rental expense to GuGong Pte. Ltd. ("GuGong") for the lease of its corporate office and kitchen.

14. Use of IPO proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$19.3 million (the "**Net Proceeds**"). Please refer to the Offer Document for further details. As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	Allocation of Net Proceeds \$'000	Net Proceeds utilised as at the date of this announcement \$'000	Balance of Net Proceeds as at the date of this announcement \$'000
Development for the Beer Business	10,000	(2,267)	7,733
Establishing new chains of restaurants	7,000	(7,000)	-
Development of Ready Meal Business	-	-	-
General working purposes	2,300	(2,300)	-
	<u>19,300</u>	<u>(11,567)</u>	<u>7,733</u>

15. Confirmation Pursuant to Rule 705(5) of SGX-ST Listing Manual Section B: Rule of Catalyst

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company for the first quarter year ended 31 March 2020 presented in this announcement, to be false or misleading in any material aspect.

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the required format.

BY ORDER OF THE BOARD

Lim Yong Sim (Lin Rongsen)
CEO and Executive Chairman

15 May 2020