
Full Year Financial Statements and Dividend Announcement for the Year Ended 30 September 2019

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**”).

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. 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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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		Increase (Decrease)
	2019	2018 (restated) *	
	\$	\$	%
Revenue	25,487,809	28,399,691	(10.3)
Other income	395,571	535,230	(26.1)
Raw materials and consumables used	(8,616,470)	(8,905,453)	(3.2)
Changes in inventories	12,645	(54,854)	(123.1)
Employee benefits expense	(10,390,784)	(8,493,807)	22.3
Operating lease expense	(3,731,620)	(2,845,752)	31.1
Depreciation and amortisation expense	(1,223,267)	(370,306)	N.M.
Other operating expenses	(5,620,152)	(4,673,227)	20.3
IPO expense	-	(1,121,167)	N.M.
Impairment of goodwill and intangible assets	(264,399)	(4,063,083)	N.M.
Impairment of plant and equipment	(764,749)	(243,000)	N.M.
Impairment of other assets	(8,921)	-	N.M.
Finance costs	(32,008)	(69,392)	(53.9)
Loss before income tax	(4,756,345)	(1,905,120)	149.7
Income tax	(95,164)	(534,294)	(82.2)
Loss for the year	(4,851,509)	(2,439,414)	98.0
Exchange differences on translation of foreign operations	(15,550)	(84)	N.M.
Total comprehensive loss for the year	(4,867,059)	(2,439,498)	99.5
Loss attributable to:			
Owners of the Company	(4,851,509)	(2,323,879)	108.8
Non-controlling interests	-	(115,535)	N.M.
	(4,851,509)	(2,439,414)	98.9
Total comprehensive loss attributable to:			
Owners of the Company	(4,867,059)	(2,323,963)	109.4
Non-controlling interests	-	(115,535)	N.M.
	(4,867,059)	(2,439,498)	99.5

N.M.: Not meaningful

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

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

	Group		Increase (Decrease)
	2019	2018 (restated)	
	\$	\$	%
Franchise fee income	(144,000)	(132,000)	9.1
Depreciation and amortisation expenses	1,223,267	370,306	N.M.
Interest income	(113,743)	(99,546)	14.3
Interest expense	32,008	69,392	(53.9)
Foreign exchange gain	(5,497)	(53,596)	(89.7)
Income tax expense			
- Current tax expense	-	590,331	N.M.
- Underprovision in respect to prior years	95,164	49,363	92.8
- Deferred tax	-	(105,400)	N.M.

Note:
N.M.: Not meaningful

* Pls refer to paragraph 5 for details

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

	GROUP			COMPANY		
	30-09-19	30-09-18	1-10-17	30-09-19	30-09-18	1-10-17
	\$	(restated) \$	(restated) \$	\$	\$	\$
ASSETS						
Current assets						
Cash and bank balances	15,792,071	23,659,698	293,434	15,231,736	22,901,982	1,023
Trade receivables	675,232	1,059,593	1,297,866	235,967	302,666	-
Other receivables	908,847	1,274,354	1,285,288	151,199	735,408	379,064
Amount due from holding company	-	-	15,380,567	-	-	2
Amount due from subsidiaries	-	-	-	4,218,551	3,826,093	-
Inventories	516,640	503,968	452,431	69,650	110,764	-
Other assets	482,027	410,483	305,144	-	-	-
Total current assets	18,374,817	26,908,096	19,014,730	19,907,103	27,876,913	380,089
Non-current assets						
Plant and equipment	2,535,334	1,008,233	823,474	541,294	374,274	-
Goodwill	-	-	3,443,083	-	-	-
Intangible assets	633,451	299,275	620,000	-	-	-
Investment in subsidiaries	-	-	-	100,105	1,780,104	-
Other long-term deposit	1,065,163	1,015,223	960,583	489,040	786,907	-
Deferred tax assets	-	-	-	-	-	-
Other assets	44,171	89,697	794,930	-	-	-
Total non-current assets	4,278,119	2,412,428	6,642,070	1,130,439	2,941,285	-
Total assets	22,652,936	29,320,524	25,656,800	21,037,542	30,818,198	380,089
LIABILITIES AND EQUITY						
Current liabilities						
Short term loans	-	2,054,046	808,189	-	600,000	-
Trade payables	1,841,262	1,280,962	1,765,646	1,700,716	965,007	-
Other payables	2,761,995	1,959,964	2,566,092	1,300,969	966,499	-
Contract liabilities	288,778	568,068	532,146	-	-	-
Amount due to holding company	44,021	102,414	-	44,021	102,414	380,087
Finance lease	-	-	20,215	-	-	-
Provisions	508,178	867,583	1,758,828	133,274	262,853	-
Income tax payable	17,093	538,895	1,397,946	-	510,616	-
Total current liabilities	5,461,327	7,371,932	8,849,062	3,178,980	3,407,389	380,087
Non-current liabilities						
Provisions	271,403	161,327	199,538	-	-	-
Deferred tax liabilities	-	-	108,921	-	-	-
Finance lease	-	-	89,920	161,327	161,327	-
Total non-current liabilities	271,403	161,327	398,379	161,327	161,327	-
Capital, reserves and non-controlling interest						
Share capital	25,181,005	25,181,005	2	25,181,005	25,181,005	2
Capital reserve	(695,938)	(695,938)	-	2,063,751	2,063,751	-
Accumulated (losses) profits	(7,549,435)	(2,697,926)	16,587,386	(9,547,521)	4,726	-
Translation reserve	(15,426)	124	208	-	-	-
Equity attributable to owner of the company	16,920,206	21,787,265	16,587,596	17,697,235	27,249,482	2
Non-controlling interests	-	-	(178,237)	-	-	-
Total equity	16,920,206	21,787,265	16,409,359	17,697,235	27,249,482	2
Total liabilities and equity	22,652,936	29,320,524	25,656,800	21,037,542	30,818,198	380,089

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 30/09/2019		As at 30/09/2018	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	-	-	2,054,046

Amount repayable after one year

As at 30/09/2019		As at 30/09/2018	
Secured	Unsecured	Secured	Unsecured
\$	\$	\$	\$
-	-	-	-

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	
	2019	2018
	\$	(restated) \$
Operating activities		
Loss before income tax	(4,756,345)	(1,905,120)
Adjustments for:		
Depreciation and amortisation expense	1,223,267	370,306
Allowance for expected credit losses	13,544	3,613
Allowance for impairment of other assets	8,921	-
Loss on disposal of plant and equipment	75	11,250
Write-off of inventories	73,064	164,763
Impairment of goodwill and intangible assets	264,399	4,063,083
Impairment of plant and equipment	764,749	243,000
IPO expense	-	1,121,167
Foreign exchange	(15,550)	12,083
Write-off of expired cash vouchers	-	(110,610)
Interest income	(113,743)	(99,546)
Interest expense	32,008	69,392
Operating cash flows before movements in working capital	(2,505,611)	3,943,381
Trade receivables	370,817	234,660
Other receivables	619,311	(327,792)
Inventories	(85,736)	(216,300)
Other assets	(34,939)	599,894
Trade payables	560,300	(484,684)
Other payables	1,042,031	(740,392)
Contract liabilities	(279,290)	35,921
Amount due to holding company	(58,393)	-
Provisions	(359,405)	(929,456)
Cash (used in) generated from operations	(730,915)	2,115,232
Income tax paid	(616,966)	(38,376)
Net cash (used in) from operating activities	(1,347,881)	2,076,856
Investing activities		
Purchase of plant and equipment	(3,223,900)	(807,280)
Deposit for purchase of plant and equipment	(398,722)	(94,978)
Proceeds from disposal of plant and equipment	-	250
Payment of franchise fees	(684,813)	(301,560)
Acquisition of non-controlling interest in a subsidiary	-	(160,000)
Amount due to a former director of subsidiary for the acquisition of non-controlling interest in prior year	(240,000)	-
Amount due from holding company	-	2,662,511
Interest received	113,743	99,546
Net cash (used in) from investing activities	(4,433,692)	1,398,489
Financing activities		
Repayment of finance leases	-	(110,135)
Proceeds from short-term loans	-	1,800,468
Repayment of short-term loans	(2,054,046)	(566,778)
Proceeds from shares issuance of shares	-	23,850,000
IPO expenses paid	-	(2,382,482)
Dividend paid	-	(2,635,637)
Interest paid	(32,008)	(64,517)
Net cash (used in) from financing activities	(2,086,054)	19,980,919
Net (decrease) increase in cash and cash equivalents	(7,867,627)	23,366,264
Cash and cash equivalents at beginning of year	23,659,698	293,434
Cash and cash equivalents at end of year	15,792,071	23,659,698

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)	Equity attributable to owners of the Company	Non-controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 October 2017	2	-	208	16,855,532	16,855,742	(178,237)	16,677,505
Effects of adopting SFRS (I) 15				(268,146)	(268,146)	-	(268,146)
Balance at 1 October 2017 (restated)	2	-	208	16,587,386	16,587,596	(178,237)	16,409,359
Total comprehensive loss for the year							
Loss for the year (restated)	-	-	-	(2,323,879)	(2,323,879)	(115,535)	(2,439,414)
Other comprehensive loss	-	-	(84)	-	(84)	-	(84)
	-	-	(84)	(2,323,879)	(2,323,963)	(115,535)	(2,439,498)
Transactions with owners, recognised directly in equity							
Issue of shares	26,165,231	-	-	-	26,165,231	-	26,165,231
Share issue expenses	(984,228)	-	-	-	(984,228)	-	(984,228)
Movement in reserve resulting from Restructuring Exercise	-	-	-	(14,325,796)	(14,325,796)	(2,166)	(14,327,962)
Dividends	-	-	-	(2,635,637)	(2,635,637)	-	(2,635,637)
Effects of acquiring part of non-controlling interest in subsidiary	-	(695,938)	-	-	(695,938)	295,938	(400,000)
	25,181,003	(695,938)	-	(16,961,433)	7,523,632	293,772	7,817,404
Balance at 30 September 2018 (Restated)	25,181,005	(695,938)	124	(2,697,926)	21,787,265	-	21,787,265
Total comprehensive loss for the year							
Loss for the year	-	-	-	(4,851,509)	(4,851,509)	-	(4,851,509)
Other comprehensive loss	-	-	(15,550)	-	(15,550)	-	(15,550)
	-	-	(15,550)	(4,851,509)	(4,867,059)	-	(4,867,059)
Balance at 30 September 2019	25,181,005	(695,938)	(15,426)	(7,549,435)	16,920,206	-	16,920,206

	COMPANY			
	Share capital	Capital reserve	Accumulated (losses) profits	Total
	\$	\$	\$	\$
Balance at 1 October 2017	2	-	-	2
Profit for the year, representing total comprehensive income for the year	-	-	2,640,363	2,640,363
Transactions with owners, recognised directly in equity				
Issue of shares	26,165,231	-	-	26,165,231
Share issue expenses	(984,228)	-	-	(984,228)
Deemed contribution from holding company	-	2,063,751	-	2,063,751
Dividends	-	-	(2,635,637)	(2,635,637)
	25,181,003	2,063,751	(2,635,637)	24,609,117
Balance at 30 September 2018	25,181,005	2,063,751	4,726	27,249,482
Loss for the year, representing total comprehensive loss for the year	-	-	(9,552,247)	(9,552,247)
	-	-	(9,552,247)	(9,552,247)
Balance at 30 September 2019	25,181,005	2,063,751	(9,547,521)	17,697,235

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 30 September 2019 and 30 September 2018, 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 30 September 2019 and 30 September 2018.

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.

	30/9/2019	30/9/2018
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 year, 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.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies (using the principles of merger accounting) and methods of computation to the financial statements for the current financial period and the most recently audited annual financial statements for the financial year ended 30 September 2018.

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

The audited annual financial statements for the year ended 30 September 2018 had been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs").

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) that are applicable for annual periods beginning on 1 January 2018. The Group's financial statements for the financial year ended 30 September 2019 are prepared in accordance with the SFRS(I).

In adopting the new framework, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

(a) SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

On the adoption of SFRS(I) in the financial year ended 30 September 2019, the Group applies SFRS(I) 1 with 1 October 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied, except for areas of exceptions and optional exemptions set out in SFRS(I) 1.

There is no financial impact to the financial statements of the Group and the Company arising from transition options available under SFRS(I) 1 which are relevant to the Group and the Company as management has not elected to adopt any of the transition options available under SFRS(I) 1.

(b) SFRS(I) 9 Financial Instruments

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

The Group applies the changes in accounting policies resulting from the adoption of SFRS(I) 9 retrospectively, except that The Group elects the exemption in SFRS(I) 1 allowing it not to restate comparative information.

Impact of SFRS(I) 9 adoption

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all its financial assets measured at amortised cost. The Group and the Company previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The adoption of the change on 1 October 2018 did not result in any material impact on the Group's financial statements.

(c) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group applies all of the requirements of SFRS(I) 15 retrospectively.

Impact of SFRS(I) 15 adoption

SFRS(I) 15 requires that Group and the Company recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

- i) Under SFRS(I) 15, distributors are acting as an agent in sale transactions with end customers in the Beer Business. There is a change in timing of revenue recognition under SFRS(I) 15 as compared to under FRS 18 where revenue can only be recognised when the Group satisfies the performance obligation upon the transfer of goods to end customers and not when goods are transferred to distributors. Inventories held by distributors has been reclassified as inventories held by the Group and revenue and cost of goods sold has been adjusted accordingly. A contract liability has also been recognised for advance billings/payments made by distributors. Previously no amounts were deferred.

The reconciliation of the above change is as follows:

Group Statement of financial position	As at 30 September 2018			As at 1 October 2017		
	As previously reported	Effects	Restated	As previously reported	Effects	Restated
	\$	\$	\$	\$	\$	\$
Inventories	221,459	282,509	503,968	188,431	264,000	452,431
Contract liabilities	-	568,068	568,068	-	532,146	532,146
Accumulated (losses) profit	(2,412,367)	(285,559)	(2,697,926)	16,855,532	(268,146)	16,587,386

- ii) In addition to (i), revenue from end customers should be recognised at gross amount sold to end customers and the distributor margin and rebates to distributors will be recorded as cost of distribution to the retailers. An adjustment to revenue has therefore been made to reflect the change in accounting.
- iii) Promotional items are support given by the group, in the form of either cash or good-in-kind, to customers in order to the assist the customers in promoting the Group's beer are incidental to the revenue recognition, hence have been adjusted against revenue. There was no impact on the statement of profit or loss as a result of these reclassifications.

The reconciliation of the above changes is as follows:

Group Statement of comprehensive income	For the year ended 30 September 2018		
	As previously reported	Effects	Restated
	\$	\$	\$
Revenue	26,501,288	1,898,403	28,399,691
Other income	1,562,567	(1,027,337)	535,230
Raw materials and consumables used	(8,923,962)	18,509	(8,905,453)
Other operating expenses	(3,766,239)	(906,988)	(4,673,227)
Loss before income tax	(1,887,707)	(17,413)	(1,905,120)

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	
	Full Year ended 30 September 2019	2018 (restated)
Earnings per ordinary share:-		
(a) Based on the weighted average number of ordinary shares in issue; and	-1.05 cents	-0.50 cents
(b) On a fully diluted basis	-1.05 cents	-0.50 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	
	30-09-19	30-09-18 (restated)	30-09-19	30-09-18
Net asset value per ordinary share based on existing issued share capital (cents)	3.66	4.71	3.83	5.89
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 \$25.5 million year ended 30 September 2019 ("FY2019") was lower by 10.3% as compared to \$28.4 million in previous year. Sales from the seafood restaurants accounted for 69% of total revenue for FY2019 as compared to 67% in previous year. Hotpot and quick-serve restaurants which commenced operations in the first quarter of FY2019 ("1Q2019"), contributed to approximately \$3.0 million in revenue in FY2019.

In comparison to the previous year, revenue from the seafood restaurants was lower in FY2019 due to a reduction in average spending per customer by approximately 6% year-on-year coupled with loss of revenue from the temporary closure of a seafood restaurant outlet for a month to carry out major repair works. Revenue from beer segment declined significantly in FY2019 due to increased competition in the industry.

Raw materials and consumables used and changes in inventories

Total raw materials and consumables used and changes in inventories slightly declined of 3.2% in FY2019. This is due to the lower revenue from the seafood restaurants while the food costs consumption for the hotpot and quick-serve restaurants are higher as compared to the seafood restaurants.

Employee benefits expense, Operating lease expense and Other operating expenses

The expansion in restaurant segment in first quarter 2019 led to the overall increase in employee benefits, operating lease and other operating expenses including higher professional fees incurred in FY2019 compared to that of previous year.

Coupled with the pre-operating costs incurred in first and fourth quarters of 2019 for the opening of new hotpot and quick-serve restaurants, this resulted in higher expenses incurred in FY2019.

Depreciation and amortisation expenses

An increase of \$0.8 million relating to depreciation for FY2019 was due to additional capital expenditure spent on equipment and renovation of the new outlets. Amortisation expenses increased to \$0.1 million in FY2019 as a result of additional franchise fee paid for hotpot and quick-serve restaurants.

Loss before income tax and loss for the year

The Group saw an increase in other operating expenses S\$0.9 million to S\$5.6 million resulting from increase in expenses for the operations of the new outlets. The Group has made an impairment on intangible assets and plant and equipment of \$1.0 million relating to the beer business's equipment, hotpot restaurants that are not yet profitable and the closure of quick-serve restaurants during the year.

The decrease in revenue was due to the loss of revenue from the temporary closure of seafood restaurant outlet, lower average spending per customer and increased competition in the beer industry.

Accordingly, the Group has reported a net loss before income tax of \$4.8 million in FY2019.

BALANCE SHEET

The Group

Current assets

Current assets declined by 31.6% from \$26.9 million as at 30 September 2018 ("FY2018") to \$18.4 million as at 30 September 2019, mainly due to the decrease in cash and bank balances, which has been utilised for the expansion in restaurant segment and working capital usage for the beer segment.

Non-current assets

Non-current assets comprising security deposits for outlets rental, plant and equipment and franchise fee paid increased by 79.2% from \$2.4 million as at FY2018 to \$4.3 million as at 30 September 2019, resulting from the expansion in restaurant segment.

Current liabilities

Current liabilities dropped from \$7.4 million as at FY2018 to \$5.5 million as at 30 September 2019 following the repayment of short-term loan during the year.

Non-current liabilities

The increase in non-current liabilities from \$0.2 million as at FY2018 to \$0.3 million as at 30 September 2019 was due to the provision for reinstatement costs made for the newly opened restaurants during the year.

The Company

Total assets declined to \$21.0 million as at 30 September 2019 compared to FY2018, as the Company continued to fund the Group's business expansions, including the setup and launch of hotpot and quick-serve restaurants and adjustments relating to the adoption of SFRS(I) 9 which requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date on its balances due from subsidiaries. During the year, the Company recognised expected credit losses of \$8.1 million on receivables from subsidiaries.

The repayment of short-term loan led to a 5.9% drop in total liabilities from \$3.4 million as at FY2018 to \$3.2 million as at 30 September 2019.

CASH FLOW STATEMENT

The Group's net cash flows used in operating activities during FY2019 amounted to \$1.4 million, mainly attributable to working capital usage for restaurant and beer business and expansion in hotpot and quick-serve restaurants.

The Group's net cash used in investing activities amounted to \$4.4 million in FY2019, out of which, \$3.6 million was used for the purchase of and deposit for plant and equipment and \$0.7 million for the acquisition of franchise rights.

The Group's net cash used in financing activities amounted to \$2.1 million in FY2019 mainly due to the repayment of a short-term loan.

As at 30 September 2019, the Group's cash and cash equivalents stood at \$15.8 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.

Whilst the Group's seafood restaurant business continues to be profitable, the Group faces challenges arising from the decreasing average spend per customer and a weak Singapore economy. The Group continued to be burdened by higher overhead and startup costs for the new businesses in hotpot and quick-serve restaurants.

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. The Group is in a strong cash position of \$15.8 million, which will support the Group through the gestation period of our expansion.

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?

	As at 30/09/2018
Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (in cents)	0.26 cents per share
Tax rate	Tax exempt one-tier

(c) Date payable

N.A.

(d) Books closure 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 year ended 30 September 2019 as there are no distributable profits for the year.

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 year ended 30 September 2019 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.	\$190,800 ⁽¹⁾	Not applicable

Note:

⁽¹⁾ During the year, the Company has:

- (i) a payable of \$190,800 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 (as disclosed in the Offer Document)	Net Proceeds utilised as at the date of this announcement	Balance of Net Proceeds as at the date of this announcement
	\$’000	\$’000	\$’000
Development for the Beer Business	10,000	(1,815)	8,185
Establishing new chains of restaurants	5,000	(5,000)	-
Development of Ready Meal Business	2,000	-	2,000
General working purposes	2,300	(2,300)	-
Total	19,300	(9,115)	10,185

15. 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.

16. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Business segments

Segment revenue & results

	Revenue		Net profit	
	2019	2018	2019	2018
	\$	(restated) *	\$	(restated) *
Seafood Restaurant Business	17,464,151	19,091,575	4,299,491	6,335,090
Other Restaurant Business	3,015,570	-	(2,115,504)	(344,933)
Beer Business	5,008,088	9,308,116	(1,663,576)	350,484
	<u>25,487,809</u>	<u>28,399,691</u>	<u>520,411</u>	<u>6,340,641</u>
IPO expenses			-	(1,121,167)
Impairment of goodwill and intangible assets			(264,399)	(4,063,083)
Impairment of plant and equipment			(764,749)	(243,000)
Other operating expenses			(1,358,786)	(559,355)
Corporate office expenses			(2,970,557)	(2,289,310)
Interest income			113,743	99,546
Finance costs			(32,008)	(69,392)
Loss before tax			(4,756,345)	(1,905,120)
Income tax expense			(95,164)	(534,294)
Loss for the year			<u>(4,851,509)</u>	<u>(2,439,414)</u>

	2019	2018	2017
	\$	(restated) *	(restated) *
Segment assets			
Seafood Restaurant Business	17,073,566	25,212,002	18,124,638
Other Restaurant Business	3,729,111	990,137	-
Beer Business	1,850,259	3,118,385	7,532,162
	<u>22,652,936</u>	<u>29,320,524</u>	<u>25,656,800</u>
Segment liabilities			
Seafood Restaurant Business	3,185,125	3,047,202	2,554,100
Other Restaurant Business	735,018	39,809	-
Beer Business	1,795,494	3,907,353	5,295,395
	<u>5,715,637</u>	<u>6,994,364</u>	<u>7,849,495</u>
Unallocated liabilities	17,093	538,895	1,397,946
	<u>5,732,730</u>	<u>7,533,259</u>	<u>9,247,441</u>

Other segment information

	Depreciation and amortisation expense		Capital expenditure	
	2019	2018	2019	2018
	\$	(restated) *	\$	(restated) *
Seafood Restaurant Business	277,747	191,150	723,289	234,825
Other Restaurant Business	662,020	5,729	2,519,565	115,479
Beer Business	283,500	173,427	186,100	456,976
	<u>1,223,267</u>	<u>370,306</u>	<u>3,428,954</u>	<u>807,280</u>

* Pls refer to paragraph 5 for details

Geographical segments

The Group operates only in Singapore with revenue generated from customers in Singapore. The new seafood restaurant in Shanghai opened in end of September 2019.

17. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to paragraph 8.

18. A breakdown of sales.

	FY2019	FY2018 (restated) *	Increase (Decrease)
	\$	\$	%
Sales reported for:			
(a) First half of the financial year	12,410,913	11,069,942	12.1
(b) Second half of the financial year	13,076,896	17,329,749	(24.5)
	<u>25,487,809</u>	<u>28,399,691</u>	(10.3)
Operating profit (loss) after tax before deducting non-controlling interests reported for:			
(a) First half of the financial year	(911,155)	1,807,087	(150.4)
(b) Second half of the financial year	(3,940,354)	(4,246,501)	(7.2)
	<u>(4,851,509)</u>	<u>(2,439,414)</u>	98.9

* Pls refer to paragraph 5 for details

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

	FY2019 (S\$'000)	FY2018 (S\$'000)
Ordinary	-	2,635,637
Preference	-	-
Total	-	2,635,637

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Mdm Cheo Bee Hwa	60	Mother of Mr Lim Yong Sim and Ms Lim Lay Hoon	Senior Quality Assurance Duties: Oversees the kitchen and restaurant operations of the seafood restaurant. Since: 1993	Re-designation from Kitchen Operations Executive, effective from 1 January 2019
Mdm Cheo Bee Yong	58	Aunt of Mr Lim Yong Sim and Ms Lim Lay Hoon	Kitchen Operations Executive Duties: Oversees the kitchen and restaurant operations of the seafood restaurant. Since: 2009	No change
Mr Cheo Cheng San	53	Uncle of Mr Lim Yong Sim and Ms Lim Lay Hoon	Chef Duties: Preparation of dishes of the seafood restaurant. Since: 2000	No change
Mdm Lim Lay Tin	52	Aunt of Mr Lim Yong Sim and Ms Lim Lay Hoon	Restaurant Captain Duties: Oversees the operations of the seafood restaurant. Since: 2000	No change

Mr Choo Ye Sheng (Donald)	27	Cousin of Mr Lim Yong Sim and Ms Lim Lay Hoon	Chef. Duties: Preparation of dishes of the seafood restaurant. Since 3 June 2018.	No change
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BY ORDER OF THE BOARD

Lim Yong Sim (Lin Rongsen)
CEO and Executive Chairman

29 November 2019