



# TSH Corporation Limited

Company Registration Number: 200003865N

(Incorporated in the Republic of Singapore)

## Full-Year Unaudited Financial Statement Announcement for the Financial Year Ended 31 December 2019 ("FY19")

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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### **Background**

TSH Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") were formed pursuant to a reverse takeover (the "**RTO**") by Sloshed! Pte. Ltd. ("**Sloshed**" and together with its subsidiaries, "**Sloshed Group**") which was completed on 7 February 2019. Prior to the completion of the RTO, Sloshed undertook a restructuring exercise for the purposes of consolidating interests of The Other Room Pte. Ltd. ("**ROOM**") and The Other Roof Pte. Ltd. ("**ROOF**"), which are in the same business, under Sloshed. Please refer to the Company's circular dated 31 December 2018 for further details of the RTO and the restructuring exercise.

The principal activity of Sloshed is that of an investment holding company. Sloshed Group is principally engaged in the business of operating a multi-concept chain of pubs and bars, import and distribution of spirits, wines and liquors.

### **Group Level**

Following the completion of the RTO, the Company's wholly-owned subsidiary, Sloshed, is deemed as the accounting acquirer that has acquired the Company (the accounting acquiree) for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of Sloshed Group.

Accordingly, the consolidated financial statements of the Group for FY19 have been presented as a continuation of Sloshed Group's financial results and operations, in accordance with the following:

- 1) The assets and liabilities of Sloshed Group are recognised and measured in the consolidated statement of financial position at their pre-acquisition carrying amount;
- 2) The assets and liabilities of the Company are recognised and measured in the consolidated statement of financial position at their acquisition date fair value;
- 3) The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of Sloshed Group immediately before the RTO;
- 4) The amount recognised in the issued equity interest in the consolidated financial statements is computed by adding the issued equity of Sloshed immediately before the RTO to the fair value of the consideration effectively transferred based on the share price of the Company at the acquisition date. However, the equity structure presented in the consolidated financial statements (ie. the number and type of equity instruments issued) shall reflect the equity structure of the Company, including the equity instruments issued by the Company to affect the combination; and
- 5) The comparative figures in these consolidated financial statements are those of the consolidated financial statements of Sloshed Group.

Following the completion of the RTO, the principal businesses of the Group are those of Sloshed Group. The consolidated financial statements of the Group have been prepared using the reverse acquisition accounting as set out in Singapore Financial Reporting Standards (International) ("SFRS(I)") 3 - "Business Combinations", but it does not result in the recognition of goodwill, as the Company was deemed as a cash company under Rule 1017 of the Catalist Rules and did not meet the definition of a business as set out in SFRS(I) 3. Instead, such transaction falls within the scope of SFRS(I) 2 "Share-based Payment", which requires the shares deemed issued by the legal subsidiary (as consideration for the acquisition of the Company) to be recognised at fair value. Any difference between the consideration sum and the fair value of the Company's identifiable net assets represents a "service" received by the legal subsidiary, Sloshed, which is recognised as an expense or income in the statement of comprehensive income.

#### **Sloshed Group Level**

Following the completion of the restructuring exercise, Sloshed Group comprising Sloshed and its subsidiaries, and ROOM and ROOF were accounted for using the pooling-of-interest method. Under this method, assets and liabilities are brought into the consolidated financial statements of Sloshed at their existing carrying amounts from the perspective of the controlling party and the consolidated statement of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control.

As such, the comparative financial performance of Sloshed Group for the corresponding year ended 31 December 2018 ("**FY18**") includes the financial performance of ROOM and ROOF for FY18 and the financial position of Sloshed Group as at 31 December 2018 includes the financial positions of both ROOM and ROOF as at 31 December 2018.

#### **Company Level**

Reverse acquisition accounting applies only to the consolidated financial statements at the Group level. As such, the investment in Sloshed recorded in the Company's financial statements is accounted for at cost less accumulated impairment losses, if any.

Notes:

- i) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for FY19 refer to the results of Sloshed Group from 1 January to 31 December 2019 and the results of the Company from 7 February to 31 December 2019.
- ii) The Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for FY18 refer to the results of Sloshed Group from 1 January to 31 December 2018.
- iii) The Group's consolidated statement of financial position as at 31 December 2019 refers to the consolidated financial position of Sloshed Group and the Company as at 31 December 2019.
- iv) The Group's consolidated statement of financial position as at 31 December 2018 refers to the consolidated financial position of Sloshed Group as at 31 December 2018.
- v) The Company's statement of financial position as at 31 December 2019 and 2018 refer to that of the Company as at 31 December 2019 and 2018 respectively.
- vi) The Company's statement of changes in equity for FY19 and FY18 refer to that of the Company for FY19 and FY18 respectively.

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

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

**Statement of Comprehensive Income**

	The Group		Increase/ (Decrease)
	FY19 S\$'000	FY18 S\$'000	
Revenue	7,802	6,578	18.6%
Cost of sales	(1,953)	(1,780)	9.7%
<b>Gross profit</b>	<b>5,849</b>	<b>4,798</b>	21.9%
Other income	331	125	164.8%
Administrative expenses	(3,860)	(3,478)	11.0%
Marketing and distribution expenses	(179)	(147)	21.8%
Finance costs	(67)	(4)	n.m.
Other expenses	(1,509)	(822)	83.6%
Share of results of associate	- *	(5)	n.m.
<b>Profit before tax</b>	<b>565</b>	<b>467</b>	21.0%
Income tax credit/(expense)	30	(82)	n.m.
<b>Profit for the year</b>	<b>595</b>	<b>385</b>	54.5%
<b>Other comprehensive income:</b>			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(1)	2	n.m.
<b>Other comprehensive income for the year, net of tax</b>	<b>(1)</b>	<b>2</b>	
<b>Total comprehensive income for the year</b>	<b>594</b>	<b>387</b>	53.5%
<b>Profit for the year attributable to:</b>			
Owners of the Company	<b>595</b>	<b>385</b>	54.5%
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>594</b>	<b>387</b>	53.5%

n.m. - not meaningful

\* - Less than S\$500

**1(a)(ii) Notes to the statement of comprehensive income**

	FY19 S\$'000	FY18 S\$'000	Increase/ (Decrease)
<b><i>Profit before taxation is arrived at after charging/(crediting) the following:-</i></b>			
Amortisation and depreciation	1,387	312	344.6%
Interest on borrowing	8	4	100.0%
Interest income	(29)	-	n.m.
Gain on reverse acquisition	(249)	-	n.m.
Professional fees and expenses in relation to the reverse acquisition	121	507	-76.1%
<b><i>Taxation:</i></b>			
Provision in respect of profit for the year			
- current tax	66	134	-50.7%
- deferred tax	(90)	(52)	73.1%
Overprovision in respect of prior years			
- current tax	2	-	n.m.
- deferred tax	(8)	-	n.m.
	(30)	82	

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.

**Statement of Financial Position**

	The Group		The Company	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Plant and equipment	892	1,224	-	-
Intangible assets	30	-	-	-
Right-of-use assets	2,198	-	-	-
Investment in subsidiaries	-	-	12,287	-
Investment in associate	2	3	-	-
Other receivables	225	225	-	-
Deferred tax assets	185	89	-	-
	<b>3,532</b>	<b>1,541</b>	<b>12,287</b>	<b>-</b>
<b>Current assets</b>				
Inventories	3,181	2,799	-	-
Trade and other receivables	468	537	449	6
Restricted deposit	-	-	-	4,278
Cash and bank balances	5,756	983	4,710	1,056
	<b>9,405</b>	<b>4,319</b>	<b>5,159</b>	<b>5,340</b>
<b>TOTAL ASSETS</b>	<b>12,937</b>	<b>5,860</b>	<b>17,446</b>	<b>5,340</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,663	1,829	330	479
Contract liabilities	2	29	-	-
Lease liabilities	953	-	-	-
Borrowing	-	50	-	-
Income tax payable	113	218	-	-
	<b>2,731</b>	<b>2,126</b>	<b>330</b>	<b>479</b>
<b>Net current assets</b>	<b>6,674</b>	<b>2,193</b>	<b>4,829</b>	<b>4,861</b>
<b>Non-current liabilities</b>				
Lease liabilities	1,312	-	-	-
Provision for restoration costs	125	125	-	-
Deferred tax liabilities	4	6	-	-
	<b>1,441</b>	<b>131</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>4,172</b>	<b>2,257</b>	<b>330</b>	<b>479</b>
<b>NET ASSETS</b>	<b>8,765</b>	<b>3,603</b>	<b>17,116</b>	<b>4,861</b>
<b>Equity attributable to the owners of the Company</b>				
Share capital	4,569	1	12,546	259
Capital reserve	1,452	1,452	-	-
Foreign currency translation reserve	5	6	-	-
Revenue reserve	2,739	2,144	4,570	4,602
<b>TOTAL EQUITY</b>	<b>8,765</b>	<b>3,603</b>	<b>17,116</b>	<b>4,861</b>

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

### Amount repayable in one year or less, or on demand

As at 31/12/2019		As at 31/12/2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	50	-

### Amount repayable after one year

As at 31/12/2019		As at 31/12/2018	
S\$'000		S\$'000	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

### Details of any collateral

The secured borrowing of S\$0.05m as at 31 December 2018 was secured by personal guarantees from certain directors. The Group had repaid the borrowing during the year ended 31 December 2019.

The Group does not have any credit facility and there are no personal guarantees provided to the Group as at the date of this announcement .

**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.**

**Statement of Cash Flows**

	<b>The Group</b>	
	<b>FY19</b> S\$'000	<b>FY18</b> S\$'000
<b>Operating Activities</b>		
Profit before tax	565	467
Adjustments for:		
Amortisation and depreciation	1,387	312
Finance costs	67	4
Interest income	(29)	-
Plant and equipment written off	2	-
Share of results of associate	- *	5
Gain on reverse acquisition	(249)	-
Professional fees and expenses in relation to the reverse acquisition	121	507
<b>Operating cash flows before changes in working capital</b>	<b>1,864</b>	<b>1,295</b>
<i>Changes in working capital</i>		
Increase in inventories	(381)	(235)
Decrease/(Increase) in trade and other receivables	93	(34)
Decrease in trade and other payables and contract liabilities	(129)	(4)
<b>Net cash flows from operations</b>	<b>1,447</b>	<b>1,022</b>
Interest paid	(8)	(4)
Income taxes paid	(174)	(1)
<b>Net cash flows from operating activities</b>	<b>1,265</b>	<b>1,017</b>
<b>Investing Activities</b>		
Interest received	26	-
Cash inflow/(outflow) from reverse acquisition, net of expenses	4,676	(196)
Placement of fixed deposits	(3,025)	-
Purchase of plant and equipment	(140)	(760)
Additions to intangible assets	(35)	-
<b>Net cash flows generated from/(used in) investing activities</b>	<b>1,502</b>	<b>(956)</b>
<b>Financing Activities</b>		
Decrease in amounts due to shareholders	-	94
Payment of interest for lease liabilities	(59)	-
Payment of lease liabilities	(910)	-
Repayment of borrowing	(50)	(50)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(1,019)</b>	<b>44</b>
Net increase in cash and cash equivalents	1,748	105
Cash and cash equivalents at 1 January	983	878
<b>Cash and cash equivalents at 31 December (Note A)</b>	<b>2,731</b>	<b>983</b>

**Note:**

A : For the purpose of the statement of cash flows, the cash and cash equivalents at the end of the year comprised the following:

	<b>31/12/2019</b> S\$'000	<b>31/12/2018</b> S\$'000
Cash on hand and at bank	2,731	983
Fixed deposits	3,025	-
Cash and bank balances	5,756	983
Fixed deposits	(3,025)	-
Cash and cash equivalents	2,731	983

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.

**Statement of Changes in Equity**

The Group	Share capital S\$'000	Revenue reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Total equity S\$'000
<b>As at 1 January 2019</b>	<b>1</b>	<b>2,144</b>	<b>1,452</b>	<b>6</b>	<b>3,603</b>
Profit for the year	-	595	-	-	595
<u>Other comprehensive income</u>					
Foreign currency translation, representing other comprehensive income for the year, net of tax	-	-	-	(1)	(1)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>595</b>	<b>-</b>	<b>(1)</b>	<b>594</b>
<u>Contribution by and distribution to owners</u>					
Adjustment to share capital as a result of reverse acquisition, <b>representing total transaction with owners</b>	<b>4,568</b>	-	-	-	<b>4,568</b>
<b>As at 31 December 2019</b>	<b>4,569</b>	<b>2,739</b>	<b>1,452</b>	<b>5</b>	<b>8,765</b>
<b>As at 1 January 2018</b>	<b>1</b>	<b>1,759</b>	<b>-</b>	<b>4</b>	<b>1,764</b>
Profit for the year	-	385	-	-	385
<u>Other comprehensive income</u>					
Foreign currency translation, representing other comprehensive income for the year, net of tax	-	-	-	2	2
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>385</b>	<b>-</b>	<b>2</b>	<b>387</b>
<u>Contribution by and distribution to owners</u>					
Waiver of loan, <b>representing total transaction with owners</b>	-	-	1,452	-	1,452
<b>As at 31 December 2018</b>	<b>1</b>	<b>2,144</b>	<b>1,452</b>	<b>6</b>	<b>3,603</b>

The Company	Share capital S\$'000	Revenue reserve S\$'000	Total equity S\$'000
<b>As at 1 January 2019</b>	<b>259</b>	<b>4,602</b>	<b>4,861</b>
Loss for the year	-	(32)	(32)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(32)</b>	<b>(32)</b>
<u>Contribution by and distribution to owners</u>			
Issue of shares for reverse acquisition, <b>representing total transaction with owners</b>	<b>12,287</b>	-	<b>12,287</b>
<b>As at 31 December 2019</b>	<b>12,546</b>	<b>4,570</b>	<b>17,116</b>
<b>As at 1 January 2018</b>	<b>259</b>	<b>5,379</b>	<b>5,638</b>
Loss for the year	-	(777)	(777)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(777)</b>	<b>(777)</b>
<b>As at 31 December 2018</b>	<b>259</b>	<b>4,602</b>	<b>4,861</b>

**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 period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Share Capital - Ordinary Shares**

	<b>No. of Ordinary Shares</b>	<b>Share Capital S\$</b>
As at 1 January 2019	240,443,565	258,805
Share consolidation	(228,421,407)	-
Issue of shares pursuant to proposed reverse acquisition	32,333,333	12,286,667
As at 31 December 2019	44,355,491	12,545,472

On 7 February 2019, the Company completed:

- the proposed share consolidation of every twenty (20) existing shares into one (1) consolidated share (the "**Share Consolidation**"). Accordingly, the share capital of S\$258,805 was divided into 12,022,158 consolidated shares;
- the issuance of 32,333,333 ordinary shares as consideration for the RTO with value of S\$12,286,667 on 7 February 2019.

There were no changes in the Company's share capital since 30 June 2019.

There were no outstanding convertibles, treasury shares or subsidiary holdings as at 31 December 2019 and 2018.

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

Total number of issued shares excluding treasury shares was 44,355,491 and 12,022,158 (after the Share Consolidation) as at 31 December 2019 and 2018 respectively.

**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.**

Not applicable. The Company had no treasury shares in FY19 and as at 31 December 2019.

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

Not applicable. The Company had no subsidiary holdings in FY19 and as at 31 December 2019.

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

The figures have neither been audited nor reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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. The Group has recently completed its reverse takeover on 7 February 2019. The Company's latest audited financial statements for FY18, as well as the latest audited consolidated financial statements of Sloshed Group for FY18, were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial year as those applied in the audited financial statements for the financial year ended 31 December 2018, except for the adoption of all applicable new and revised SFRS(I) and Interpretations to SFRS(I)s ("**SFRS(I) INT**") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019.

The adoption of these SFRS(I) and SFRS(I) INT did not result in any substantial changes to the Company's accounting policies or have any material effect on the financial statements for the current financial year reported on, except for the adoption of SFRS(I) 16 - Leases.

The Group adopted SFRS(I) 16 - Leases on 1 January 2019. At the date of initial application, the Group recognised the rights to use leased assets as right-of-use assets and their associated obligations as lease liabilities. The Group applied this standard using the modified retrospective approach. Therefore, the FY18 comparative figures have not been restated as the Group has applied the standard retrospectively with the cumulative effect recognised at the date of initial application.

**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.**

Refer to Section 4 above.

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

	The Group	
	FY19 Cents	FY18 Cents
Basic <sup>(1)</sup>	1.37	1.19
Diluted <sup>(2)</sup>	1.37	1.19

**Notes:-**

(1) In connection with the RTO, the weighted average number of ordinary shares (43,353,645 shares) for FY19 is calculated based on the RTO Shares, which is deemed to be outstanding from the beginning of the year to 31 December 2019, and the weighted average number of ordinary shares (after Share Consolidation) of the Company outstanding from the date of completion of the RTO to 31 December 2019. The weighted average number of ordinary shares (32,333,333 shares) for FY18 is calculated based on the number of ordinary shares issued by the Company to the owners of Sloshed! Pte. Ltd. ("RTO Shares"), which is the number of shares deemed to be outstanding from the beginning of the year to 31 December 2018.

(2) There were no potential dilutive ordinary shares in FY19 and FY18.

**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.**

	The Group		The Company	
	31/12/2019 Cents	31/12/2018 Cents	31/12/2019 Cents	31/12/2018 Cents
Net asset value per ordinary share <sup>(1)</sup>	19.76	11.14	38.59	40.43

**Note:-**

(1) The net asset value per ordinary share for the Group as at 31 December 2019 was calculated based on the net assets divided by 44,355,491 shares (31 December 2018: 32,333,333 shares). The net asset value per ordinary share for the Company as at 31 December 2019 was calculated based on the net assets divided by 44,355,491 shares (31 December 2018: 12,022,158 shares (after the Share Consolidation)).

**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 (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**

The revenue of the Group increased by S\$1.22m or 18.6% from S\$6.58m in FY18 to S\$7.80m in FY19 due mainly to the contribution of the new outlets (The Other Roof and Copper) that commenced operations in 2H2018.

The gross profit of the Group increased by S\$1.05m or 21.9% from S\$4.80m in FY18 to S\$5.85m in FY19 due mainly to higher revenue and slight improvement in gross margin from 72.9% in FY18 to 75.0% in FY19. The higher gross margin in FY19 was attributed mainly to the higher sales of items with better margin.

The administrative expenses increased by S\$0.38m or 11.0% from S\$3.48m in FY18 to S\$3.86m in FY19 due mainly to higher staff costs and compliance costs incurred to support the Group and the new outlets, but moderated by lower operating lease expenses as a result of the adoption of SFRS(I) 16.

The marketing and distribution expenses increased by 21.8% from S\$0.15m in FY18 to S\$0.18m in FY19 due mainly to the marketing expenses incurred for the new outlets and the public relation expenses incurred for the Group.

The finance costs increased by S\$0.06m in FY19 due mainly to the recognition of interest on lease liabilities of S\$0.06m as a result of the adoption of SFRS(I) 16.

The other expenses increased by S\$0.69m or 83.6% from S\$0.82m in FY18 to S\$1.51m in FY19 due mainly to the amortisation of right-of-use assets of S\$0.98m (FY18: S\$Nil) as a result of the adoption of SFRS(I) 16, and higher depreciation of S\$0.09m attributed mainly to the new outlets but partially offset by lower professional fees and expenses in relation to the reverse acquisition of S\$0.39m.

The other income increased by S\$0.21m from S\$0.13m in FY18 to S\$0.33m in FY19 due to the gain on reverse acquisition of S\$0.25m recognised in FY19 as the fair value of the Company's identifiable net assets was higher than the market value of the Company at completion of the RTO, but this was moderated by lower commission and service income arising from sales and purchases of S\$0.06m in FY19.

The increase in profit before taxation of S\$0.10m or 21.0% from S\$0.47m in FY18 to S\$0.57m in FY19 was in line with the increase in gross profit and other income, but moderated by higher expenses mentioned above.

The income tax credit of S\$0.03m was recognised despite a profit reported due mainly to the tax rebates and exemptions, income that was not taxable and the recognition of deferred tax assets in relation to the unabsorbed losses of the new outlets that have not turned around.

As a result of the above, the Group reported an increase in profit for the year of S\$0.21m from S\$0.39m in FY18 to S\$0.60m in FY19.

## **Statement of Financial Position**

The non-current assets increased by S\$1.99m from S\$1.54m as at 31 December 2018 to S\$3.53m as at 31 December 2019 due to the recognition of right-of-use assets of S\$2.20m as a result of the adoption of SFRS(I) 16, the increase in deferred tax assets of \$0.10m attributed mainly to the difference between tax and accounting treatment on depreciation of plant and equipment and the unabsorbed losses recognised, and the intangible assets of S\$0.03m in relation to software purchased, but moderated by the decrease in plant and equipment of S\$0.33m due mainly to the depreciation charge in FY19.

The current assets increased by S\$5.09m from S\$4.32m as at 31 December 2018 to S\$9.41m as at 31 December 2019 due to the increase in cash and bank balances of S\$4.77m as a result of the inclusion of the bank balances of the Company after the completion of the RTO (net of expenses) and the increase in inventories of S\$0.38m due mainly to the duties paid for more goods withdrawn from the bonded warehouse and the purchase of more variety of stocks. This was moderated by the decrease in trade and other receivables of S\$0.07m due mainly to faster collections from customers.

The current liabilities increased by S\$0.61m from S\$2.13m as at 31 December 2018 to S\$2.73m as at 31 December 2019 due to the recognition of lease liabilities of S\$0.95m as a result of the adoption of SFRS(I) 16, but this was moderated mainly by the decrease in trade and other payables of S\$0.17m attributed mainly to the payment of professional fees and expenses in relation to the reverse acquisition, decrease in income tax payable due to payment of income tax, and the repayment of borrowing.

The non-current liabilities increased by S\$1.31m from S\$0.13m as at 31 December 2018 to S\$1.44m as at 31 December 2019 due to the recognition of lease liabilities of S\$1.31m as a result of the adoption of SFRS(I) 16.

## **Statement of Cash Flows**

The Group reported net cash generated from operating activities of S\$1.27m contributed by the operating cash flows before changes in working capital of S\$1.86m and the decrease in trade and other receivables of S\$0.09m, but moderated mainly by the increase in inventories of S\$0.38m, decrease in trade and other payables and contract liabilities of S\$0.13m and income taxes paid of S\$0.17m.

The net cash flows generated from investing activities of S\$1.50m was contributed mainly by net cash inflow from reverse acquisition of the Company of S\$4.68m, but moderated mainly by the placement of fixed deposits of S\$3.03m and payments for the purchase of the plant and equipment of S\$0.14m.

The net cash flows used in financing activities of S\$1.02m was attributed to the payments of lease liabilities and its interest totalling S\$0.97m and the repayment of borrowing of S\$0.05m.

Therefore, overall cash and cash equivalents increased by S\$1.75m from S\$0.98m as at 31 December 2018 to S\$2.73m as at 31 December 2019.

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

Not applicable.

## **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.**

The Group operates in a highly competitive industry with many competitors and low barriers to entry. The business is dependent on the general economic outlook, growth in consumer affluence in Singapore and Singapore tourism and hospitality industry.

The current outbreak of COVID-19 virus and the reduction in tourists in Singapore have shown signs of softening market conditions. The Group maintains a cautious outlook and will continue to manage the businesses judiciously in this challenging environment.

Amidst the uncertainties caused by the trade tensions, the weak business sentiments, the protest in Hong Kong, and COVID-19 virus in the region, the Group is cautiously seeking opportunities to expand its foothold in the market and the region, as well as exploring potential partnerships and collaborations to grow its business so as to achieve long term and sustainable income for the shareholders.

**11. If a decision regarding dividend has been made:**

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

No.

**(b)(i) Amount per share:**

Not applicable.

**(b)(ii) Previous corresponding period:**

Not applicable.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for FY19. The Company is preserving its cash resources to pursue strategic business opportunities to generate long term and sustainable cash flows and profits.

**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 does not have a general mandate from shareholders for IPTs pursuant to Rule 920.

**14. Negative confirmation pursuant to Rule 705(5).**

Not applicable for the announcement of full year results.

**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 hereby confirms that it has procured undertakings from all its Directors in the format set out in Appendix 7H.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**  
**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**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.**

Not relevant as the Group has no operating segments.

**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 Section 8 above.

**18. A breakdown of sales as follows:**

The Group	FY19 S\$'000	FY18 S\$'000	Increase/ (Decrease) %
(a) Sales reported for first half year	3,878	3,345	15.9%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	337	673	-49.9%
(c) Sales reported for second half year	3,924	3,233	21.4%
(d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	258	(288)	n.m.

n.m. - not meaningful.

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

Not applicable.

**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). 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
Ng Pei Wah	45	Spouse of Mr. Chua Khoon Hui	Head of Human Resources and Administration since 2007. Oversees the human resources and administration of the Group.	No change

**BY ORDER OF THE BOARD**

Dr Yu Lai Boon  
Chairman  
28 February 2020