

TUNG LOK RESTAURANTS (2000) LTD
Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2018



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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-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.**

	Group		Increase/ (decrease) %
	HY19 Apr 18 - Sep 18 S\$'000	HY18 Apr 17 - Sep 17 S\$'000	
Revenue	38,202	37,295	2.4
Cost of sales	(11,421)	(10,794)	5.8
Gross profit	26,781	26,501	1.1
<i>Gross profit margin</i>	<i>70.1%</i>	<i>71.1%</i>	<i>(1.0) percentage points</i>
Other operating income	2,266	779	190.9
Administrative expenses	(14,634)	(14,645)	(0.1)
Other operating expenses	(14,651)	(16,008)	(8.5)
Share of profit of joint venture	414	414	-
Share of profit of associates	149	167	(10.8)
Finance costs	(127)	(94)	35.1
Profit/(loss) before tax	198	(2,886)	N.M.
Income tax benefit	36	50	(28.0)
Profit/(loss) for the period	234	(2,836)	N.M.
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations	80	(13)	N.M.
Total comprehensive income for the period	314	(2,849)	N.M.
Profit/(loss) attributable to:			
Owners of the Company	(1,099)	(2,170)	(49.4)
Non-controlling interests	1,333	(666)	N.M.
	234	(2,836)	N.M.
Total comprehensive income attributable to:			
Owners of the Company	(1,061)	(2,180)	(51.3)
Non-controlling interests	1,375	(669)	N.M.
	314	(2,849)	N.M.

N.M.: percentage not meaningful.

1(a)(ii) Notes to the Income Statement for the current financial period reported on and the corresponding period of the immediately preceding financial period.

	Group		Increase/ (decrease) %
	HY19 Apr 18 - Sep 18 S\$'000	HY18 Apr 17 - Sep 17 S\$'000	
Profit/(loss) for the period includes the following (charges)/credits:			
Government grant	139	176	(21.0)
Interest income from:			
- Cash at bank	48	32	50.0
- Related parties	10	10	-
Waiver of liabilities by a non-controlling shareholder in a subsidiary	1,546	-	N.M.
Interest on:			
- Bank loans	(11)	(34)	(67.6)
- Obligations under finance leases	(16)	(16)	-
- Shareholders' loan	(100)	(44)	127.3
Depreciation of property, plant and equipment	(1,017)	(1,819)	(44.1)
Loss on disposal of plant and equipment	(2)	-	N.M.
Foreign exchange (loss)/gain	(95)	9	N.M.
Loss arising from strike off of a subsidiary	-	(22)	N.M.
Rental expenses - operating leases	(6,230)	(6,790)	(8.2)
Staff costs	(12,767)	(12,932)	(1.3)
Current tax (expense)/benefit	(25)	9	N.M.
Deferred tax benefit	63	33	90.9
(Under)/overprovision in preceding financial period for			
- Current tax (expense)/benefit	(2)	8	N.M.
Withholding tax	(23)	(22)	4.5

N.M. : percentage not meaningful.

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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		Note	Company		Note
	30 Sep 18 S\$'000	31 Mar 18 S\$'000		30 Sep 18 S\$'000	31 Mar 18 S\$'000	
ASSETS						
Current assets						
Cash and bank balances	10,653	15,467	1	3,326	6,732	2
Trade receivables	3,352	2,415	3	-	-	
Other receivables and prepayments	1,387	1,039	4	17	12	
Inventories	1,811	1,818		-	-	
Total current assets	17,203	20,739		3,343	6,744	
Non-current assets						
Other receivables and prepayments	576	447	5	-	-	
Long-term security deposits	1,337	1,712	6	-	-	
Interests in subsidiaries	-	-		15,494	12,110	7
Associates	1,236	1,097	8	-	-	
Joint venture	1,323	909	9	-	-	
Deferred tax assets	381	318		-	-	
Property, plant and equipment	7,476	7,141	10	-	-	
Total non-current assets	12,329	11,624		15,494	12,110	
Total assets	29,532	32,363		18,837	18,854	
LIABILITIES AND EQUITY						
Current liabilities						
Trade payables	2,733	3,460	11	-	-	
Other payables	6,818	7,888	12	348	316	
Finance leases	214	214	14a	-	-	
Bank loans	168	421	15a	-	-	
Income tax payable	56	56		3	-	
Total current liabilities	9,989	12,039		351	316	
Net current assets	7,214	8,700		2,992	6,428	
Non-current liabilities						
Other payables	3,424	4,481	13	-	-	
Finance leases	285	233	14b	-	-	
Bank loans	1,664	1,754	15b	-	-	
Total non-current liabilities	5,373	6,468		-	-	
Total liabilities	15,362	18,507		351	316	
Capital, reserves and non-controlling interests						
Share capital	28,450	28,450		28,450	28,450	
Currency translation reserve	(14)	(52)		-	-	
Accumulated losses	(13,705)	(12,606)		(9,964)	(9,912)	
Equity attributable to owners of the Company	14,731	15,792		18,486	18,538	
Non-controlling interests	(561)	(1,936)	16	-	-	
Net equity	14,170	13,856		18,486	18,538	
Total liabilities and equity	29,532	32,363		18,837	18,854	

1(b)(i) Statement of Financial Position (continued)

NOTE: EXPLANATION OF THE FIRST HALF FINANCIAL YEAR 2019 ("HY19") VS FINANCIAL YEAR 2018 ("FY18")

- 1) Decrease in cash and bank balances at Group level was mainly due to the following:
 - (a) S\$1.0 million cash outlay to acquire plant and equipment;
 - (b) S\$0.5 million repayment of bank borrowings and finance leases; and
 - (c) operational cash outflow of S\$3.4 million.
- 2) Decrease in cash and bank balances at Company level was mainly due to advances extended to a wholly-owned subsidiary amounting to S\$3.4 million as additional working capital during HY19.
- 3) Increase in trade receivables at Group level was mainly due to more credit sales from catering events and mooncake sales during the month of September 2018.
- 4) Increase in other receivables and prepayments (current) at Group level was mainly due to: i) advance rents paid for two yet-to-open outlets amounting to S\$0.1 million; ii) increase in prepaid insurance premium amounting to S\$0.1 million; and iii) reclassification of S\$0.1 million deposits from long-term security deposits.
- 5) Increase in other receivables and prepayments (non-current) at Group level was mainly due to increase in long-term prepayment for lease renewal related payments amounting to S\$0.1 million.
- 6) Decrease in long-term security deposits at Group level was mainly due to refund of security deposit relating to a ceased outlet amounting to S\$0.3 million and reclassification of S\$0.1 million security deposits to other receivables and prepayments (current).
- 7) Increase in interests of subsidiaries at Company level was mainly due to advances extended to a wholly-owned subsidiary amounting to S\$3.4 million.
- 8) Increase in associates at Group level was due to share of profit of associates amounting to S\$0.1 million during HY19.
- 9) Increase in joint venture at Group level was due to share of profit of joint venture amounting to S\$0.4 million during HY19.
- 10) Increase in property, plant and equipment at Group level was mainly due to acquisition of plant and equipment for refurbishment of existing outlets and expansion of catering kitchen amounting to S\$1.3 million, partially offset by S\$1.0 million depreciation charge during HY19.
- 11) Decrease in trade payables at Group level was mainly due to waiver of S\$0.3 million trade payables by a non-controlling interest in a subsidiary and improvement in creditor turnover days.
- 12) Decrease in other payables (current) at Group level was mainly due to lower manpower-related accrued expenses required amounting to S\$0.7 million, decrease in deferred revenue amounting to S\$0.2 million and utilisation of S\$0.2 million provision of reinstatement cost due to closure of outlets.
- 13) Decrease in other payables (non-current) at Group level was mainly due to waiver of S\$1.2 million loans by a non-controlling interest in a subsidiary, offset by increase in advance from the non-controlling interest in the subsidiary amounting to S\$0.2 million.
- 14(a)&(b) Increase in finance leases at Group level was due to new finance leases of S\$167,000 offset by repayments of S\$115,000 during HY19.
- 15(a)&(b) Decrease in bank borrowings at Group level was due to repayments of S\$0.3 million during HY19.
- 16) Increase in non-controlling interests at Group level was mainly due to share of net profits amounting to S\$1.3 million associated with non wholly-owned subsidiaries. Profits of these subsidiaries arose mainly due to the waiver of debts granted by its shareholders to a subsidiary which had ceased operations.

Total assets of the Group decreased by S\$2.9 million (9.0%) to S\$29.5 million as at 30 September 2018 from S\$32.4 million as at 31 March 2018 mainly due to the following:

- (i) decrease in cash and bank balance of S\$4.8 million; and
- (ii) decrease in long-term security deposit of S\$0.4 million.

However, this was partially offset by the following:

- (i) increase in trade and other receivables of S\$1.4 million;
- (ii) increase in net assets of a joint venture and associates of S\$0.6 million; and
- (iii) increase in plant and equipment of S\$0.3 million.

Total liabilities of the Group decreased by S\$3.1 million (16.8%) to S\$15.4 million as at 30 September 2018 from S\$18.5 million as at 31 March 2018 mainly due to decrease in trade and other payables amounting to S\$2.9 million and reduction in bank borrowings and finance leases amounting to S\$0.3 million.

The Group's net working capital decreased by S\$1.5 million (17.2%) to S\$7.2 million as at 30 September 2018 from S\$8.7 million as at 31 March 2018.

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

Amount repayable in one year or less, or on demand

As at 30 Sep 2018 (S\$'000)		As at 31 Mar 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
382	-	635	-

Amount repayable after one year

As at 30 Sep 2018 (S\$'000)		As at 31 Mar 2018 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
1,949	-	1,987	-

Details of any collateral

As at balance sheet date, the total borrowings of the Group are secured by way of:

1. A charge over the leasehold property of a subsidiary situated at No 20, Bukit Batok Crescent #11-05 to 09/18 Enterprise Centre Singapore 658080;
2. Plant and equipment under finance leases; and
3. Corporate guarantees issued by the Company.

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

	Apr 18 - Sep 18 S\$'000	Apr 17 - Sep 17 S\$'000
Operating activities		
Profit/(loss) before tax	198	(2,886)
Adjustment for:		
Share of profit of joint venture	(414)	(414)
Share of profit of associates	(149)	(167)
Depreciation of property, plant and equipment	1,017	1,819
Loss on disposal of property, plant and equipment	2	-
Loss arising from strike off of a subsidiary	-	22
Foreign exchange loss/(gain)	95	(9)
Waiver of liabilities by a non-controlling interest in a subsidiary	(1,546)	-
Interest income	(58)	(42)
Finance costs	127	94
Operating cash flows before changes in working capital	<u>(728)</u>	<u>(1,583)</u>
Changes in working capital:		
Increase in trade receivables	(940)	(1,237)
Increase in other receivables and prepayments	(375)	(58)
Decrease/(increase) in inventories	5	(239)
Decrease/(increase) in long-term security deposits	298	(18)
(Decrease)/increase in trade payables	(376)	512
(Decrease)/increase in other payables	(1,320)	71
Cash flows used in operations	<u>(3,436)</u>	<u>(2,552)</u>
Interest paid	(26)	(51)
Interest received	52	33
Income tax (paid)/refund	(25)	73
Net cash flows used in operating activities	<u>(3,435)</u>	<u>(2,497)</u>
Investing activities		
Proceeds from disposal of property, plant and equipment	-	8
Purchase of property, plant and equipment (see Note A)	(1,000)	(692)
Advance payment for capital expenditures (see Note A)	(53)	(18)
Net cash flows used in investing activities	<u>(1,053)</u>	<u>(702)</u>
Financing activities		
Advance from non-controlling interest in a subsidiary	180	-
Repayment of loan from a non-controlling interest in a subsidiary	-	(290)
Repayment of bank loans	(343)	(276)
Repayment of obligations under finance leases	(115)	(125)
Net cash flows used in financing activities	<u>(278)</u>	<u>(691)</u>
Net decrease in cash and cash equivalents	(4,766)	(3,890)
Cash and cash balances at the beginning of the financial period	15,467	15,041
Effect of foreign exchange rate changes	(48)	2
Cash and cash balances at the end of the financial period	<u>10,653</u>	<u>11,153</u>

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

Note A

During HY19, the Group recorded additions to property, plant and equipment with an aggregate cost of S\$1,353,000 (HY18: S\$746,000), of which S\$167,000 (HY18: S\$72,000) was acquired under finance lease arrangements, and S\$203,000 (HY18: S\$11,000) remained unpaid as at 30 September 2018. Cash payments of S\$1,000,000 (HY18: S\$692,000) were made to the purchase of property, plant and equipment. In addition, an advance payment of S\$53,000 (HY18: S\$18,000) was made for capital expenditures.

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) 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 S\$'000	Currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the company, total S\$'000	Non-controlling interests S\$'000	Net S\$'000
At 1 April 2017	28,450	32	(11,207)	17,275	(1,423)	15,852
Loss for the period	-	-	(2,170)	(2,170)	(666)	(2,836)
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	(10)	-	(10)	(3)	(13)
Total comprehensive income for the period, net of tax	-	(10)	(2,170)	(2,180)	(669)	(2,849)
<u>Changes in ownership interest in subsidiaries</u>						
Strike off of a subsidiary	-	15	-	15	7	22
Total transactions with owners in their capacity as owners	-	15	-	15	7	22
At 30 September 2017	28,450	37	(13,377)	15,110	(2,085)	13,025
At 1 April 2018	28,450	(52)	(12,606)	15,792	(1,936)	13,856
(Loss)/profit for the period	-	-	(1,099)	(1,099)	1,333	234
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	38	-	38	42	80
Total comprehensive income for the period, net of tax	-	38	(1,099)	(1,061)	1,375	314
At 30 September 2018	28,450	(14)	(13,705)	14,731	(561)	14,170

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) 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 (continued).

	Share capital S\$'000	COMPANY Accumulated losses S\$'000	Net S\$'000
At 1 April 2017	28,450	(9,043)	19,407
Loss for the period, representing total comprehensive income for the period	-	(62)	(62)
At 30 September 2017	28,450	(9,105)	19,345
At 1 April 2018	28,450	(9,912)	18,538
Loss for the period, representing total comprehensive income for the period	-	(52)	(52)
At 30 September 2018	28,450	(9,964)	18,486

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 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.

On 25 August 2014, the Company issued 78,400,000 new ordinary shares in the issued and paid-up share capital of the Company pursuant to a renounceable and non-underwritten rights issue of up to 78,400,000 new ordinary shares ("**Rights Shares**") in the issued share capital of the Company ("**Rights Issue**") at an issue price of S\$0.12 for each Rights Share on the basis of two (2) Rights Shares for every five (5) existing shares then held by shareholders as based on the terms and conditions of the Offer Information Statement dated 29 July 2014 issued by the Company. Net proceeds of S\$9.3 million were raised from the Rights Issue.

The Company refers to the announcements dated 1 October 2014 and 25 August 2015, the net proceeds raised from the Rights Issue has been partially utilised by way of grant of loans amounting to S\$6.0 million to a wholly owned subsidiary to provide additional working capital to repay its trade owings and monthly bank indebtedness as well as to finance the set-up of one outlet and renovation of two existing outlets in Singapore. The unutilised net proceeds from Rights Issue approximates S\$3.3 million as at 30 September 2018.

There have been no changes in the Company's issued share capital since the end of the previous financial year reported on 31 March 2018.

There are no outstanding convertibles, treasury shares and subsidiary holdings as at the end of the financial period ended 30 September 2018 and 30 September 2017 respectively.

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 immediately preceding year.

	30 Sep 18	31 Mar 18
Total number of issued shares excluding treasury shares	274,400,000	274,400,000

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

The Company does not have any treasury shares.

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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.

The Company does not have any subsidiary holdings.

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

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 under paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the most recently audited annual financial statements.

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 Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework, identical to the International Financial Reporting Standards known as Singapore Financial Reporting Standards (International) ("**SFRS(I)**") for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) on 1 April 2018 and has prepared its first set of financial information under SFRS(I) for the half year ended 30 September 2018.

The Group expects that the adoption of the new financial reporting framework, new SFRS(I)s, amendments and interpretation of SFRS(I) to have no material impact on the financial performance and financial position of the Group in the year of initial application.

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:-

	HY19 Apr 18 - Sep 18	HY18 Apr 17 - Sep 17
Loss per ordinary share for the period after deducting any provision for preference dividends:		
(a) Based on the weighted average number of ordinary shares on issue	(0.40) cents	(0.79) cents
(b) On a fully diluted basis	(0.40) cents	(0.79) cents
Weighted average number of ordinary shares	274,400,000	274,400,000

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 Sep 18	31 Mar 18	30 Sep 18	31 Mar 18
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the end of the period reported on	5.37 cents	5.76 cents	6.74 cents	6.76 cents

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.**

Revenue

In spite of the closure of 2 outlets during HY19 and 2 outlets during the previous financial year ended 31 March 2018 ("FY18"), revenue for the six months ended 30 September 2018 ("HY19") increased by S\$0.9 million (2.4%) to S\$38.2 million from S\$37.3 million for the six months period ended 30 September 2017 ("HY18"), mainly due to:

- (a) higher revenue contributed by restaurants amounting to S\$2.7 million; and
- (b) higher catering revenue amounting to S\$1.0 million.

This was partially offset by the loss of revenue amounting to S\$2.8 million due to the closure of the 4 outlets mentioned above.

Gross profit margin

Gross profit increased by S\$0.3 million (1.1%) to S\$26.8 million in HY19 from S\$26.5 million in HY18, in line with the higher revenue. Gross profit margin declined marginally by 1.0 percentage point to 70.1% in HY19 from 71.1% in HY18 due to higher raw material costs.

Other operating income

Other operating income increased by S\$1.5 million (190.9%) to S\$2.3 million in HY19 from S\$0.8 million in HY18 mainly due to the waiver of S\$1.5 million liabilities by a non-controlling shareholder in a subsidiary which had ceased operations.

Other operating expenses

Other operating expenses decreased by S\$1.3 million (8.5%) to S\$14.7 million in HY19 from S\$16.0 million in HY18, mainly due to the following:

- (i) lower depreciation expenses of S\$0.8 million; and
- (ii) lower rental expenses of S\$0.6 million.

This was partially offset by higher foreign exchange losses amounting to S\$0.1 million arising from the impact of the weakening Chinese Yuan against Singapore Dollar.

Share of profit of associates

Share of profit of associates decreased by S\$18,000 (10.8%) to S\$149,000 in HY19 from S\$167,000 in HY18 due to lower profitability.

Income tax benefit

Income tax benefit decreased by S\$14,000 (28.0%) to S\$36,000 in HY19 from S\$50,000 in HY18 due to reduced taxable losses.

Profit/(loss) for the period/Loss attributable to Owners of the Company

In HY19, the Group reported a profit of S\$0.2 million (after taking into account the waiver of liabilities by a non-controlling shareholder in a subsidiary amounting to S\$1.5 million) as compared to a loss of S\$2.8 million in HY18 mainly due to improved revenue and decrease in other operating expenses incurred.

The Group reported a loss attributable to Owners of the Company of S\$1.1 million in HY19, mainly due to the waiver of S\$1.5 million liabilities by a non-controlling shareholder in a subsidiary being accounted as attributable to non-controlling interests. Notwithstanding, the Group's loss attributable to Owners of the Company of S\$1.1 million in HY19 is a significant reduction of S\$1.1 million as compared to a loss of S\$2.2 million in HY18.

Cashflow

The Group's **operational cashflow** recorded a net outflow of S\$3.4 million in HY19 compared to S\$2.5 million in HY18. This was mainly due to faster creditor payments and settlement of manpower-related accrued expenses in HY19.

The Group's **investing cashflow** recorded an outflow of S\$1.1 million in HY19 compared to S\$0.7 million in HY18. This was mainly due to more payment on plant and equipment amounting to S\$0.3 million.

The Group's **financing cashflow** recorded an outflow of S\$0.3 million in HY19 mainly due to repayment of bank loans and finance leases of S\$0.5 million offset by new advances from non-controlling interest of a subsidiary of S\$0.2 million. In HY18, the Group recorded an outflow of S\$0.7 million mainly due to repayment of bank loans and finance leases of S\$0.4 million and loan repayment to non-controlling interest in a subsidiary of S\$0.3 million.

Overall, the Group's cash position decreased by S\$4.8 million during HY19 to S\$10.7 million. This was mainly due to higher operational cash outlay, payment for acquisitions of plant and equipment, repayment of bank loans and finance leases but offset by new advances from non-controlling interest of a subsidiary.

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

No forecast or prospect statement was disclosed previously.

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 food and beverage industry in Singapore, the Group's main market, is expected to remain challenging in the next 12 months as restaurant operators continue to face stiff competition, tight manpower supply, high operating costs and fast-changing consumer tastes. An increasingly cloudy economic outlook is also adding to the uncertainty as rising trade tensions between the world's two largest economies risk undermining business spending and consumer confidence.

Against this backdrop, the Group endeavours to better fine-tune operating processes, rein in costs and further develop its better-performing brands. Underscoring this commitment, the Group has shut down four non-performing outlets over the past 12 months, a move that helped narrow its losses in HY19 compared to HY18 – and opened the third Slappy Cakes outlet in July 2018, at Plaza Singapura.

Even as it seeks to shore up its bottom line, the Group will continue to ensure it keeps abreast of industry trends to better serve consumers. Among other things, the Group recently launched a range of mooncakes approved by the Health Promotion Board containing less sugar and more dietary fibre. The Group will continue to explore and introduce more healthy products.

In seeking to reduce over-dependence on the Singapore market, the Group will continue to pursue opportunities to expand overseas by way of licensing/franchising its brands. This asset-light approach will minimise capital outlay and mitigate risks typically associated with having to start from scratch in a new geographical market.

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

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

Nil

(b)(i) Amount per share:

Nil

(b)(ii) Previous corresponding period:

Nil

(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) Date payable

Not applicable.

(e) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared/recommendeded.

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

Name of Interested Persons and Transactions	Aggregate value of all interested persons transactions during the period under review (excluding transactions less than \$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 \$100,000)	
	HY19	HY18	HY19	HY18
	Apr 18 - Sep 18	Apr 17 - Sep 17	Apr 18 - Sep 18	Apr 17 - Sep 17
	S\$'000	S\$'000	S\$'000	S\$'000
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Tee Yih Jia Food Manufacturing Pte Ltd	-	-	954	1,003
T & T Gourmet Cuisine Pte Ltd - Sale of food items to Chinatown Food Corporation Pte Ltd	-	-	4	7
T & T Gourmet Cuisine Pte Ltd - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	-	-	6	6
Tung Lok Group - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd	-	-	49	44
Tung Lok Group - Purchase of food items from Chinatown Food Corporation Pte Ltd	-	-	27	21
Tung Lok Group - Purchase of food items from T & T Gourmet Cuisine Pte Ltd	-	-	49	43
Tung Lok Group - Purchase of mooncakes from T & T Gourmet Cuisine Pte Ltd	-	-	404	429
Tee Yih Jia Food Manufacturing Pte Ltd - Purchase of mooncakes from Tung Lok Group	-	-	18	15
Tung Lok Group - Sale of catering food and services to hotels related to a substantial shareholder Orchard Central Pte Ltd*	53	136	-	-
	-	1,218	-	-

Note:

* This refers to IPTs that are categorised as transactions under Catalyst Rule 916(1), which are in connection with lease of certain commercial units owned by a related company of our controlling shareholder, Goodview Properties Pte Ltd. Please refer to announcement dated 17 April 2017.

14. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Catalyst Rule 720(1).**

The Company confirms that the undertakings from all its directors and executive officers (in the format set out in Appendix 7H) pursuant to Catalyst Rule 720(1) have been procured.

BY ORDER OF THE BOARD

Tjioe Ka Men
President/Chief Executive Officer
1 November 2018

TUNG LOK RESTAURANTS (2000) LTD
CATALIST RULE 705(5) – NEGATIVE ASSURANCE CONFIRMATION

Confirmation by the Board of Directors

Pursuant to Catalist Rule 705(5), we, Tjioe Ka Men and Dr Tan Eng Liang, being two Directors of Tung Lok Restaurants (2000) Ltd (the “**Company**”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited interim financial statements for the period from 1 April 2018 to 30 September 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Tjioe Ka Men
President/Chief Executive Officer

Dr Tan Eng Liang
Lead Independent Director

Singapore, 1 November 2018