

TUNG LOK RESTAURANTS (2000) LTD
Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2020


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PART 1 - INFORMATION REQUIRED FOR 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) %	
	HY21 Apr 20 - Sep 20 S\$'000	HY20 Apr 19 - Sep 19 S\$'000		
Revenue	22,568	38,150	(40.8)	
Cost of sales	(7,095)	(11,465)	(38.1)	
Gross profit	<u>15,473</u>	<u>26,685</u>	(42.0)	
<i>Gross profit margin</i>	68.6%	69.9%	(1.3)	<i>percentage points</i>
Other operating income	7,041	1,812	288.6	
Administrative expenses	(10,404)	(15,695)	(33.7)	
Other operating expenses	(11,648)	(14,116)	(17.5)	
Share of loss of joint venture	-	(264)	(100.0)	
Share of (losses)/profits of associates	(253)	132	N.M.	
Finance costs	(196)	(316)	(38.0)	
Profit/(loss) before tax	13	(1,762)	N.M.	
Income tax benefit	9	71	(87.3)	
Profit/(loss) for the period	<u>22</u>	<u>(1,691)</u>	N.M.	
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(1)	10	N.M.	
Total comprehensive income for the period	<u>21</u>	<u>(1,681)</u>	N.M.	
Profit/(loss) attributable to:				
Owners of the Company	200	(1,340)	N.M.	
Non-controlling interests	(178)	(351)	(49.3)	
	<u>22</u>	<u>(1,691)</u>	N.M.	
Total comprehensive income attributable to:				
Owners of the Company	199	(1,330)	N.M.	
Non-controlling interests	(178)	(351)	(49.3)	
	<u>21</u>	<u>(1,681)</u>	N.M.	

N.M. : percentage not meaningful.

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Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2020
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) %
	HY21 Apr 20 - Sep 20 S\$'000	HY20 Apr 19 - Sep 19 S\$'000	
Profit/(loss) for the period includes the following (charges)/credits:			
Government grants:			
- Jobs Support Scheme	2,922	-	N.M.
- Foreign worker levy rebates	322	-	N.M.
- Rent concessions	1,355	-	N.M.
- Other government grants	201	99	103.0
Gain arising from strike off of a subsidiary	-	254	(100.0)
Gain on disposal of investment in a joint venture	-	692	(100.0)
Rent concessions from landlords (<i>Note A</i>)	1,895	-	N.M.
Interest income from:			
- Cash at bank and short-term deposits	8	31	(74.2)
Interest expenses on:			
- Bank loans	(22)	(21)	4.8
- Shareholders' loans	(17)	(17)	0.0
- Lease liabilities	(157)	(278)	(43.5)
Depreciation of property, plant and equipment	(832)	(852)	(2.3)
Depreciation of right-of-use assets	(4,588)	(4,460)	2.9
Loss on foreign exchange	-	(33)	(100.0)
Rental expenses - operating leases	(1,403)	(1,427)	(1.7)
Staff costs	(9,228)	(12,936)	(28.7)
Deferred tax benefits	9	81	(88.9)
Underprovision in preceding financial period for			
- Current tax	-	(10)	(100.0)
Withholding tax	(4)	(29)	(86.2)

N.M. : percentage not meaningful.

Note A

The Group has elected to early adopt Amendments to SFRS(I) 16: *Covid-19 Related Rent Concessions* ("**Amendments**") which is effective from 1 June 2020. Under the Amendments, as a practical expedient, the Group may elect to account for any change in lease payments resulting from the rent concessions as if the changes were not a lease modification. As a result of this election, the Group has recognised S\$1.9 million rent concessions from landlords under "Other Income".

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	
	30 Sep 20 S\$'000	31 Mar 20 S\$'000		30 Sep 20 S\$'000	31 Mar 20 S\$'000
ASSETS					
Current assets:					
Cash and bank balances	11,216	9,750	1	1,451	1,466
Trade receivables	1,938	1,674	2	-	-
Other receivables and prepayments	2,913	4,641	3	14	9
Inventories	1,755	1,697		-	-
Total current assets	<u>17,822</u>	<u>17,762</u>		<u>1,465</u>	<u>1,475</u>
Non-current assets:					
Long-term security deposits	1,099	1,128		-	-
Interests in subsidiaries	-	-		16,778	16,763
Associates	705	959	4	-	-
Joint venture	-	-		-	-
Deferred tax assets	455	446		-	-
Right-of-use assets	12,609	16,374	5	-	-
Property, plant and equipment	7,458	7,947	6	-	-
Total non-current assets	<u>22,326</u>	<u>26,854</u>		<u>16,778</u>	<u>16,763</u>
Total assets	<u>40,148</u>	<u>44,616</u>		<u>18,243</u>	<u>18,238</u>
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables	3,052	2,827	7	-	-
Other payables	7,691	8,623	8	238	238
Lease liabilities	7,218	8,117	9a	-	-
Bank loans	133	162	10a	-	-
Income tax payable	12	18		-	-
Total current liabilities	<u>18,106</u>	<u>19,747</u>		<u>238</u>	<u>238</u>
Net current (liabilities)/assets	<u>(284)</u>	<u>(1,985)</u>		<u>1,227</u>	<u>1,237</u>
Non-current liabilities:					
Other payables	3,240	3,240		-	-
Lease liabilities	5,667	8,530	9b	-	-
Bank loans	1,445	1,430	10b	-	-
Total non-current liabilities	<u>10,352</u>	<u>13,200</u>		<u>-</u>	<u>-</u>
Total liabilities	<u>28,458</u>	<u>32,947</u>		<u>238</u>	<u>238</u>
Capital, reserves and non-controlling interests:					
Share capital	28,450	28,450		28,450	28,450
Currency translation reserve	(47)	(46)		-	-
Accumulated losses	(15,674)	(15,874)		(10,445)	(10,450)
Equity attributable to owners of the Company	12,729	12,530		18,005	18,000
Non-controlling interests	(1,039)	(861)	11	-	-
Net equity	<u>11,690</u>	<u>11,669</u>		<u>18,005</u>	<u>18,000</u>
Total liabilities and equity	<u>40,148</u>	<u>44,616</u>		<u>18,243</u>	<u>18,238</u>

1(b)(i) Statement of Financial Position (continued)**NOTE: EXPLANATION OF THE FIRST HALF FINANCIAL YEAR 2021 (HY21) VS FINANCIAL YEAR 2020 (FY20)**

- 1) Increase in cash and bank balances at Group level was mainly due to:
 - (a) S\$3.4 million operational cash inflow; and
 - (b) S\$0.1 million capital reduction of an associate.
 The increase was partially offset by repayment of lease obligations (net of rent concessions) amounting to S\$1.5 million and cash outlays to acquire plant and equipment amounting to S\$0.4 million.
- 2) Increase in trade receivables at Group level was mainly due to more credit sales from mooncake sales during the month of September 2020.
- 3) Decrease in other receivables and prepayments (current) at Group level was mainly due to refund of S\$0.2 million security deposits relating to a ceased outlet, decrease of S\$0.1 million receivable from an associate and decrease of S\$1.4 million Jobs Support Scheme ("JSS") receivables after taking into consideration the JSS subsidies received during HY21.
- 4) Decrease in associates at Group level was mainly due to share of losses of associates amounting to S\$0.3 million consequent to the disruptions caused by the COVID-19 outbreak during HY21.
- 5) Decrease in right-of-use assets at the Group level was mainly due to depreciation charge of S\$4.6 million but partially offset by addition of right-of-use assets amounting to S\$0.8 million in HY21.
- 6) Decrease in property, plant and equipment at Group level was mainly due to depreciation charge of S\$0.8 million but partially offset by acquisition of plant and equipment for existing outlets amounting to S\$0.3 million during HY21.
- 7) Increase in trade payables at Group level was mainly due to higher mooncake-related purchases during the month of September 2020.
- 8) Decrease in other payables (current) at Group level was mainly due to S\$0.5 million decrease in staff-related accrued expenses consequent to the reduced headcounts as well as S\$0.4 million decrease in deferred revenue in HY21.
- 9(a)&(b) Decrease in lease liabilities at the Group level was mainly due to reduction of lease obligations amounting to S\$4.5 million (out of which S\$3.3 million related to rent concessions granted), but partially offset by addition of lease liabilities amounting to S\$0.8 million during HY21.
- 10(a)&(b) Decrease in bank borrowings at Group level was due to S\$14,000 loan repayments during HY21. The Group has been granted 7 months deferment of principal loan repayment till 31 December 2020.
- 11) Decrease in non-controlling interests at Group level was mainly due to share of losses associated with non wholly-owned subsidiaries during HY21.

Total assets of the Group decreased by S\$4.5 million (10.1%) to S\$40.1 million as at 30 September 2020 from S\$44.6 million as at 31 March 2020 mainly due to:

- (i) decrease in right-of-use assets of S\$3.8 million;
- (ii) decrease in trade and other receivables of S\$1.4 million;
- (iii) decrease in plant and equipment of S\$0.5 million; and
- (iv) decrease in net assets of associates of S\$0.3 million.

However, this was partially offset by increase in cash and bank balances of S\$1.5 million.

Total liabilities of the Group decreased by S\$4.4 million (13.4%) to S\$28.5 million as at 30 September 2020 from S\$32.9 million as at 31 March 2020 mainly due to the following:

- (i) decrease in lease liabilities of S\$3.7 million; and
- (ii) decrease in trade and other payables of S\$0.7 million.

Although the Group's operations were adversely affected by the COVID-19 pandemic during the current reporting period, its net current liabilities improved to S\$0.3 million as at 30 September 2020 from S\$2.0 million as at 31 March 2020, mainly due to various forms of financial supports extended by the Singapore Government and landlords (including JSS, foreign worker levy rebates, foreign worker levy waiver and rent concessions). The improved working capital position of the Group as of HY21 was also due to the Group's prudent efforts to conserve liquidity through implementing cost control measures such as deferment of non-critical capital expenditure, reduction of casual labours, temporary salary cuts for existing staff ranging from 10% to 30%, requesting staff to accelerate the utilization of their annual leaves as well as voluntary and compulsory no-pay leave arrangements.

The Directors and the Management are satisfied that, barring any unforeseen circumstances, taking into account the Group's financial position in terms of the net asset value, available cash and bank balances, availability of future cashflows from the Group's operations and bank's credit facilities as well as reliefs from various support measures from the Singapore Government, the Group will be able to meet its short-term obligations for the next 12 months as and when they fall due.

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

Amount repayable in one year or less, or on demand

Debt securities	As at 30 Sep 2020 (S\$'000)		As at 31 Mar 2020 (S\$'000)	
	Secured	Unsecured	Secured	Unsecured
Bank loans	133	-	162	-
Finance leases (See Note B)	126	-	126	-

Amount repayable after one year

Debt securities	As at 30 Sep 2020 (S\$'000)		As at 31 Mar 2020 (S\$'000)	
	Secured	Unsecured	Secured	Unsecured
Bank loans	1,445	-	1,430	-
Finance leases (See Note B)	186	-	248	-

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.

Note B

Finance lease payable has been disclosed as "Lease Liabilities" in the Statement of Financial Position as at 30 September 2020 pursuant to SFRS(I) 16 Leases.

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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.

	Apr 20 - Sep 20 S\$'000	Apr 19 - Sep 19 S\$'000
Operating activities:		
Profit/(loss) before tax	13	(1,762)
Adjustments for:		
Share of loss of joint venture	-	264
Share of losses/(profits) of associates	253	(132)
Depreciation of property, plant and equipment	832	852
Depreciation of right-of-use assets	4,588	4,460
Interest income	(8)	(31)
Interest expense	196	316
Foreign exchange loss	-	33
Rent concessions extended by the Singapore Government	(1,355)	-
Rent concessions extended by landlords	(1,895)	-
Gain arising from strike off of a subsidiary	-	(254)
Gain on disposal of investment in a joint venture	-	(692)
Reversal of provision for reinstatement costs	-	(80)
Operating cash flows before changes in working capital	<u>2,624</u>	<u>2,974</u>
Changes in working capital:		
Increase in trade receivables	(264)	(1,109)
Decrease/(increase) in other receivables and prepayments	1,596	(292)
(Increase)/decrease in inventories	(58)	115
Decrease/(increase) in long-term security deposits	29	(132)
Increase in trade payables	225	409
Decrease in other payables	(727)	(180)
Cash flows from operations	<u>3,425</u>	<u>1,785</u>
Interest paid	(22)	(36)
Interest received	11	38
Net income tax paid	(6)	(73)
Net cash flows from operating activities	<u>3,408</u>	<u>1,714</u>
Investing activities		
Purchase of property, plant and equipment (see Note C)	(377)	(2,228)
Capital reduction from an associate	100	-
Proceeds from disposal of investment in a joint venture	-	1,150
Dividends received from associates	-	375
Advances to an associate	-	(98)
Net cash flows used in investing activities	<u>(277)</u>	<u>(801)</u>

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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 (continued).

	Apr 20 - Sep 20 S\$'000	Apr 19 - Sep 19 S\$'000
Financing activities		
Repayment of loan due from an associate	-	11
Payment of principal portion of lease liabilities	(1,494)	(4,378)
Interest paid in relation to lease liabilities	(157)	(263)
Repayment of bank loans	(14)	(79)
Net cash flows used in financing activities	<u>(1,665)</u>	<u>(4,709)</u>
Net increase/(decrease) in cash and bank balances	1,466	(3,796)
Cash and bank balances at the beginning of the financial period	9,750	12,134
Effect of foreign exchange rate changes	-	32
Cash and bank balances at the end of the financial period	<u><u>11,216</u></u>	<u><u>8,370</u></u>

Note C

During HY21, the Group recorded additions to property, plant and equipment with an aggregate cost of S\$343,000 (HY20: S\$2,264,000) of which S\$Nil (HY20: S\$85,000) relates to provision for reinstatement costs of premises and S\$75,000 (HY20: S\$Nil) remains unpaid as at 30 September 2020. Cash payments of S\$377,000 (HY20: S\$2,228,000) were made to the purchase of property, plant and equipment.

Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2020

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 S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company, total S\$'000	Non-controlling interests S\$'000	Total S\$'000
At 1 April 2019	28,450	(27)	(13,300)	15,123	(144)	14,979
Loss for the period	-	-	(1,340)	(1,340)	(351)	(1,691)
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	10	-	10	-	10
	-	10	-	10	-	10
Total comprehensive income for the period, net of tax	-	10	(1,340)	(1,330)	(351)	(1,681)
<u>Contribution by and distributions to owners</u>						
Strike off of a subsidiary	-	(16)	-	(16)	(238)	(254)
Total transactions with owners in their capacity as owners	-	(16)	-	(16)	(238)	(254)
At 30 September 2019	28,450	(33)	(14,640)	13,777	(733)	13,044
At 1 April 2020	28,450	(46)	(15,874)	12,530	(861)	11,669
Profit/(loss) for the period	-	-	200	200	(178)	22
<u>Other comprehensive income</u>						
Foreign currency translation, net of tax	-	(1)	-	(1)	-	(1)
	-	(1)	-	(1)	-	(1)
Total comprehensive income for the period, net of tax	-	(1)	200	199	(178)	21
At 30 September 2020	28,450	(47)	(15,674)	12,729	(1,039)	11,690
	COMPANY					
	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000			
At 1 April 2019	28,450	(9,879)	18,571			
Loss for the period, representing total comprehensive income for the period	-	(83)	(83)			
At 30 September 2019	28,450	(9,962)	18,488			
At 1 April 2020	28,450	(10,450)	18,000			
Profit for the period, representing total comprehensive income for the period	-	5	5			
At 30 September 2020	28,450	(10,445)	18,005			

Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2020

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.

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 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, 25 August 2015 and 16 September 2019, the net proceeds raised from the Rights Issue has been utilised by way of grant of loans amounting to S\$7.85 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 and renovation of outlets in Singapore. The unutilised net proceeds from Rights Issue approximates S\$1.45 million as at 30 September 2020.

There have been no changes in the Company's issued share capital since the end of the previous financial period reported on being 31 March 2020.

There are no outstanding convertibles, treasury shares and subsidiary holdings as at the end of the financial period ended 30 September 2020 and 30 September 2019.

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 20	31 Mar 20
Total number of issued shares excluding treasury shares	<u>274,400,000</u>	<u>274,400,000</u>

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.

The Company does not have any treasury shares.

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.

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.

Not applicable as the Company's latest audited financial statements for the financial year ended 31 March 2020 have not been subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

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 Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 March 2020, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for financial years beginning on or after 1 April 2020. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period.

The Group has elected to early adopt Amendments to SFRS(I) 16: *Covid-19 Related Rent Concessions* ("**Amendments**") which is effective from 1 June 2020. Under the Amendments, as a practical expedient, the Group may elect to account for any change in lease payments resulting from the rent concessions as if the changes were not a lease modification. As a result of this election, the Group has recognised S\$1.9 million rent concessions from landlords under "Other Income".

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:-

	HY21 Apr 20 - Sep 20	HY20 Apr 19 - Sep 19
Earnings/(losses) 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	0.07 cents	(0.49) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	0.07 cents	(0.49) 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 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 Sep 20	31 Mar 20	30 Sep 20	31 Mar 20
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	4.64 cents	4.57 cents	6.56 cents	6.56 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

Since January 2020, the Group's food and beverage ("F&B") business has been adversely affected by the COVID-19 pandemic and the social distancing measures implemented to control the local transmission of COVID-19 virus. The Group's revenue was further suppressed during the Circuit Breaker Period ("CB") period from 7 April 2020 to 1 June 2020 and Phase 1 of post-CB period from 2 June 2020 to 18 June 2020 when only 11 out of 26 restaurants in Singapore remained open for deliveries and takeaways with the remaining outlets temporarily closed so as to contain operating expenses. During those periods, dine-in services were not allowed but our catering as well as online ordering and delivery platforms for restaurant food and ready-to-eat frozen food, with support from the Group's central kitchen, remained unaffected.

Further to the Company's announcement "Update On The Group's Business and Operations" issued on 6 May 2020, dine-in services and the operations of our outlets have progressively resumed during Phase 2 of post-CB period (from 19 June 2020 onwards) with enhanced safe distancing measures in place. Accordingly, the seating capacity of the restaurants have been reduced in order to safeguard and protect the safety and well-being of staff and customers.

Consequently, the Group's revenue for the six-month period ended 30 September 2020 ("HY21") decreased S\$15.6 million (40.8%) to S\$22.6 million compared to S\$38.2 million for the six-month period ended 30 September 2019 ("HY20"), due to S\$19.1 million decline in revenue from the Group's restaurant operations in HY21 but were partially compensated by:

- (i) S\$2.6 million higher catering revenue due to provision of bento sets to foreign workers quarantined in the dormitories; and
- (ii) S\$0.9 million higher sale of ready-to-eat frozen food.

Gross profit margin

Gross profit decreased S\$11.2 million (42.0%) to S\$15.5 million in HY21 from S\$26.7 million in HY20, in line with the lower revenue. Gross profit margin decreased marginally by 1.3 percentage points to 68.6% in HY21 from 69.9% in HY20 mainly due to higher discounts and rebates offered to entice customers to patronise our restaurants.

Other operating income

Other operating income increased S\$5.2 million (288.6%) to S\$7.0 million in HY21 from S\$1.8 million in HY20 mainly due to S\$6.5 million rebates and subsidies received which included:

- (i) S\$2.9 million Jobs Support Scheme ("JSS");
- (ii) S\$0.3 million foreign worker levy rebates; and
- (iii) S\$3.3 million rent concessions from Singapore Government and landlords (part of which were granted pursuant to the COVID-19 (Temporary Measures) (Amendment) Bill.

The increase was partially offset by:

- (i) absence of gain on disposal of the investment in a joint venture amounting to S\$0.7 million;
- (ii) absence of gain on disposal arising from the strike off of a China subsidiary amounting to S\$0.3 million; and
- (iii) decrease in catering service income of S\$0.3 million.

Administrative expenses

Administrative expenses, mainly manpower-related expenses, decreased S\$5.3 million (33.7%) to S\$10.4 million in HY21 from S\$15.7 million in HY20 mainly due to reduction of 197 headcounts and temporary salary reductions as part of the Group's cost control measures to contain its operating costs amid the COVID-19 crisis.

Other operating expenses

Other operating expenses mainly advertising and promotion, credit card commission, decoration, laundry, lease rental, mooncake related expenses, repair and maintenance, staff recruitment, upkeep and cleaning as well as utility expenses decreased S\$2.5 million (17.5%) to S\$11.6 million in HY21 from S\$14.1 million in HY20, in line with the lower restaurant revenues as well as cost-cutting measures.

Finance costs

Finance costs decreased S\$0.1 million (38.0%) to S\$0.2 million in HY21 from S\$0.3 million in HY20 mainly due to a decrease in S\$0.1 million imputed interest on lease liabilities in HY21 in line with the reduction in lease liabilities.

Share of loss of joint venture

The joint venture had been disposed on 2 August 2019.

Share of (losses)/profits of associates

Share of losses of associates of S\$253,000 in HY21 compared to share of profits of S\$132,000 in HY20 due to the higher losses incurred by the associates amid COVID-19 pandemic in HY21.

Income tax benefit

Income tax benefit decreased S\$62,000 (87.3%) to S\$9,000 in HY21 from S\$71,000 in HY20 mainly due to lower deferred tax benefits recorded.

Profit/(loss) attributable to Owners of the Company

The Group's operations were severely and adversely disrupted by the COVID-19 pandemic during HY21. The impact from the loss of revenue during the CB period and thereafter was cushioned by the substantial financial supports extended by the Singapore Government and landlords (including JSS, foreign worker levy rebate, foreign worker levy waiver and rent concessions) as well as cost control measures implemented which resulted in the Group reporting a profit attributable to Owners of the Company amounting to S\$0.2 million in HY21 compared to a loss of S\$1.34 million in HY20.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (continued).

Cashflow

The Group's **operational cashflow** recorded a net inflow of S\$3.4 million in HY21 compared to S\$1.7 million in HY20 due to the improved working capital position of the Group in HY21 consequent to grants and rebates extended by the Singapore Government and landlords as well as cost control measures implemented which helped the Group to mitigate against the impact of the COVID-19 pandemic.

The Group's **investing cashflow** recorded a net outflow of S\$0.3 million in HY21 compared to S\$0.8 million in HY20. This was mainly due to decrease in acquisitions of plant and equipment in HY21.

The Group's **financing cashflow** recorded a net outflow of S\$1.7 million in HY21 compared to S\$4.7 million in HY20. This was mainly due to lower repayment of lease obligations as rent concessions were granted pursuant to COVID-19 (Temporary Measures) (Amendment) Bill.

Overall, the Group's cash position increased by S\$1.5 million during HY21 to S\$11.2 million mainly due to the improved working capital position of the Group as well as reduced acquisitions of plant and equipment.

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.

Since the first COVID-19 case was reported in Singapore in January 2020, the Group's food and beverage ("F&B") business has been severely and adversely affected by the social distancing measures implemented to control the local transmission of COVID-19 virus. Our Group's revenue was further impacted during the Circuit Breaker period between April 2020 to June 2020 when our restaurants were unable to provide dine-in services but only delivery and takeaway services.

We are fortunate and grateful to have received support from various stakeholders such as the Singapore Government and our landlords over the past few months. Various support measures including the Jobs Support Scheme, foreign worker levy rebate, foreign worker levy waiver as well as rent concessions have helped to buffer the impact of the COVID-19 pandemic. We have also implemented cost control measures to maintain adequate liquidity such as deferment of non-critical capital expenditure, manage our manpower requirements, temporary salary cuts, request staff to accelerate the utilization of their annual leaves as well as voluntary and compulsory no-pay leave arrangements.

While the COVID-19 situation has so far stabilised in Singapore, the prolonging and continuing effects of the COVID-19 pandemic will continue to pose challenges and uncertainties to our F&B business in the next 12 months. Besides the increased costs of imposing safety measures for the Group's operations, the revenue of our restaurants will continue to be suppressed due to the reduced seating capacity of our restaurants in order to adhere to the social distancing measures.

In addition, the uncertainty of a possible surge in community cases whereby strict restrictive orders could be re-introduced remains an ongoing threat. Should this happen, it may have an impact on the Group's business and cashflow.

The Group will adopt a prudent approach to manage its liquidity, continue to deal with the immediate challenges brought by the COVID-19 pandemic and react proactively with appropriate countermeasures. At the same time, the Group shall intensify its digitalisation efforts to drive workflow productivity improvements.

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) 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.

There is no dividend declared or recommended for HY21 to conserve capital.

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 Catalist Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Persons and Transactions	Nature of relationship	Aggregate value of all interested persons transaction 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)	
		HY21	HY20	HY21	HY20
		Apr 20 - Sep 20	Apr 19 - Sep 19	Apr 20 - Sep 20	Apr 19 - Sep 19
		S\$'000	S\$'000	S\$'000	S\$'000
T & T Gourmet Cuisine Pte Ltd (i) Sale of food items to Tee Yih Jia Food Manufacturing Pte Ltd (ii) Sale of food items to Chinatown Food Corporation Pte Ltd (iii) Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd (iv) Tung Lok Group - Purchase of food items from T & T Gourmet Cuisine Pte Ltd (v) Tung Lok Group - Purchase of mooncakes from T & T Gourmet Cuisine Pte Ltd	Mr. Goi Seng Hui is a controlling shareholder of the Company as he is deemed to be interested in the 53,531,280 shares of the Company held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of Section 7 of the Companies Act, Cap 50. T & T Gourmet Cuisine Pte Ltd and Chinatown Food Corporation Pte Ltd are subsidiaries of Tee Yih Jia Food Manufacturing Pte Ltd and therefore considered as associates of Mr. Goi Seng Hui.	-	-	-	535
		-	-	-	1
		-	-	-	4
		-	-	72	68
		-	-	163	314
Tee Yih Jia Food Manufacturing Pte Ltd (i) Tung Lok Group - Purchase of food items from Tee Yih Jia Food Manufacturing Pte Ltd (ii) Purchase of mooncakes from Tung Lok Group		-	-	35	50
		-	-	-	16
Chinatown Food Corporation Pte Ltd (i) Tung Lok Group - Purchase of food items from Chinatown Food Corporation Pte Ltd		-	-	13	29
Goodview Properties Pte Ltd and its associates (i) Tung Lok Group - Sale of catering food and services to hotels related to a substantial shareholder (ii) China Classic Pte Ltd * (iii) Riverhub Pte Ltd * (iv) Orchard Central Pte. Ltd. *	Goodview Properties Pte Ltd (" Goodview Properties ") is a controlling shareholder of the Company which has a direct interest in 54,015,780 shares of the Company. The Estate of Ng Teng Fong (" ENTF ") is a controlling shareholder of the Company as he is deemed to be interested in the 54,015,780 shares of the Company held by Goodview Properties by virtue of Section 7 of the Companies Act, Cap 50. Mr Ng Chee Tat Philip is a controlling shareholder of the Company as he is a beneficiary of ENTFF. As explained in our announcements dated 1 April 2020, 30 June 2020, 14 August 2020 and 18 September 2020, China Classic Pte Ltd, Riverhub Pte Ltd and Orchard Central Pte. Ltd. are considered associates of Goodview Properties, ENTFF and/or Mr Ng Chee Tat Philip.	92	183	-	-
		800	-	-	-
		500	-	-	-
		390	-	-	-

Note:

* These refer to IPTs that are categorised as transactions under Catalist Rule 916(1), which are in connection with leases of certain commercial units owned by related companies of our controlling shareholder, Goodview Properties Pte. Ltd. Please refer to the Company's announcements dated 1 April 2020, 30 June 2020, 14 August 2020 and 18 September 2020.

TUNG LOK RESTAURANTS (2000) LTD**Half Year Financial Statement and Dividend Announcement for the Period Ended 30 September 2020****14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 under Catalist 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 Catalist Rule 720(1) have been procured.

BY ORDER OF THE BOARD**Tjioe Ka Men**

President/Chief Executive Officer

6 November 2020

**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 Tjioe Ka In, 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 2020 to 30 September 2020 to be false or misleading in any material aspect.

Tjioe Ka Men

President/Chief Executive Officer

Singapore, 6 November 2020

Tjioe Ka In

Executive Director