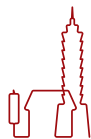


2020

INTERIM REPORT



Snack Empire Holdings Limited

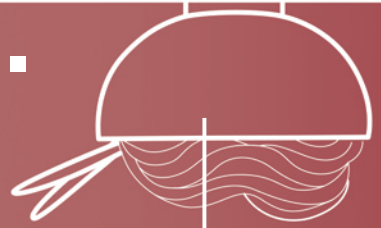
快餐帝國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1843

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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Daniel Tay Kok Siong (*Chairman*)
Mr. Wong Chee Tat (*Chief Executive Officer*)

Independent non-executive directors

Mr. Jong Voon Hoo
Mr. Koh Boon Chiao
Mr. Lim Wee Pin

AUDIT COMMITTEE

Mr. Lim Wee Pin (*Chairman*)
Mr. Jong Voon Hoo
Mr. Koh Boon Chiao

REMUNERATION COMMITTEE

Mr. Koh Boon Chiao (*Chairman*)
Mr. Jong Voon Hoo
Mr. Lim Wee Pin
Mr. Daniel Tay Kok Siong
Mr. Wong Chee Tat

NOMINATION COMMITTEE

Mr. Jong Voon Hoo (*Chairman*)
Mr. Koh Boon Chiao
Mr. Lim Wee Pin

COMPANY SECRETARY

Sir Kwok Siu Man KR

AUTHORISED REPRESENTATIVES

Mr. Wong Chee Tat
Sir Kwok Siu Man KR

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Singapore 079903

WEBSITE

<http://www.snackemp.com>

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

57th Floor, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

INDEPENDENT AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central, Hong Kong

COMPLIANCE ADVISER

Lego Corporate Finance Limited
Room 1601, 16/F
China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
2103B, 21st Floor
148 Electric Road
North Point, Hong Kong

LISTING INFORMATION

Place of listing

The Main Board of The Stock Exchange of Hong Kong Limited

Stock code

1843

Board lots

4,000 shares

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

The following table sets out a breakdown of the total revenue of Snack Empire Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) by sales segments and their relevant percentage to the total revenue during the six months ended 30 September 2019 (the “Reviewed Period”) together with the relevant comparative figures for the six months ended 30 September 2018 (the “Corresponding Period”):

	Six months ended 30 September			
	2019		2018	
	\$S'000 (unaudited)	% of total revenue	\$S'000 (unaudited)	% of total revenue
Revenue				
Sales of goods				
— Outlet sales	5,948	49.5%	4,965	53.1%
— Franchisees/licensees	4,573	38.1%	3,298	35.3%
Franchise fee	314	2.6%	197	2.1%
Advertising and promotion fees	122	1.0%	203	2.2%
Royalty	1,051	8.8%	687	7.3%
Total	12,008	100%	9,350	100%

The total unaudited revenue of the Group increased from approximately S\$9,350 thousands for the Corresponding Period to approximately S\$12,008 thousands for the Reviewed Period, resulting in an increase in total revenue of approximately 28.4% as compared with the Corresponding Period, which was mainly attributable to the fact that both sales of goods to franchisees/licensees and the Group’s outlet sales had experienced a substantial increase because the Group had made adjustments to its marketing strategies and launched additional new promotional products into the market, whilst increasing its Shihlin outlets and restaurants network.

Outlet sales has increased by approximately 19.8% mainly due to the increase in the number of outlet(s) (“Outlet(s)”) and restaurant(s) (“Restaurant(s)”) operated by the Group (“Self-operated”) in The Republic of Singapore (“Singapore”) and Malaysia from 25 Self-operated Outlets and Restaurants as at 30 September 2018 to 29 Self-operated Outlets and Restaurants as at 30 September 2019.

Management Discussion and Analysis

Sales of goods to franchisees/licensees increased by approximately 38.7% mainly due to the increase in non-self-operated outlets from 162 outlets as at 30 September 2018 to 199 outlets as at 30 September 2019, and the launch of new promotional products by the Group.

Revenue from franchise fee and advertising and promotion fees remained relatively stable at 2.0% to 3.0% of the Group's total revenue.

Revenue from royalty is charged at a fixed predetermined percentage of non-self-operated outlets' revenue. The increase in royalty income was mainly due to the increase in the franchisees' and licensees' revenue, due to the increase in the number of non-self-operated outlets.

The overall increase in the Group's unaudited revenue for the Reviewed Period as compared to the Corresponding Period, attributed to the increase in the Group's net profit for the Reviewed Period as compared to the Corresponding Period. The Group's net profit excluding listing expenses for the Reviewed Period amounted to S\$2.9 million (30 September 2018: S\$1.9 million).

OUTLOOK

The demand for Taiwanese fast food in Singapore, Malaysia, the Republic of Indonesia ("Indonesia") and the United States of America (the "USA") remains robust with increasing sales trend for the Reviewed Period as compared to the Corresponding Period. The macro environment in which the Group's Shihlin network are operating in remains relatively stable.

INTERIM DIVIDEND

The shares of the Company (the "Shares") in issue were initially listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 October 2019 (the "Listing" and the "Listing Date" respectively). On 23 September 2019, the Company had declared an interim dividend of S\$1.0 million to the then controlling shareholders of the Company and the dividend was settled in October 2019.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group had 155 employees with a total staff cost for the Reviewed Period amounting to S\$1,968 thousands.

The remuneration of the employees is determined based on their performance, experience and prevailing market situation. Their remuneration package includes salaries, bonus, allowances and retirement benefit schemes. The Company also provides customised training to its staff to enhance their relevant skill and knowledge. The remuneration of directors of the Company (the “Directors”) and members of senior management is determined on the basis of each individual’s responsibilities, qualification, position, experience, performance, seniority and time devoted to the Group’s business. They receive compensation in the form of salaries, bonuses, and other allowances and benefits-in-kind, including the Company’s contribution to their retirement benefit schemes on their behalf.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 23 September 2019 (the “Adoption Date”) as incentives or rewards to eligible persons for their contributions or potential contributions to the Group. No share option has been granted under the Share Option Scheme since the Adoption Date.

USE OF PROCEEDS

The Shares were successfully listed on the Main Board of the Stock Exchange on the Listing Date (i.e. 23 October 2019). The net proceeds from the Listing by way of a Share Offer (as defined in the Company’s prospectus dated 30 September 2019 (the “Prospectus”)) (the “Net Proceeds”) were approximately S\$13.0 million (equivalent to approximately HK\$74.8 million).

The Company intends to apply the Net Proceeds in accordance with the purposes set out in the paragraph headed “Future Plans and Use of Proceeds — Use of proceeds” in the Prospectus as follows:

- 1 approximately 22.2%, or approximately HK\$16.6 million, will be used to open up to 16 new Self-operated Outlets in Singapore by 31 March 2024;
- 2 approximately 16.5%, or approximately HK\$12.4 million, will be used to open 20 new Self-operated Restaurants in West Malaysia by 31 March 2024;
- 3 approximately 20.9%, or approximately HK\$15.7 million, will be used for expansion of the Group’s non-self-operated outlets and restaurants network;
- 4 approximately 15.8%, or approximately HK\$11.8 million, will be used to refurbish around five Self-operated Outlets in Singapore and four Self-operated Restaurants in West Malaysia each year up to 31 March 2023;

Management Discussion and Analysis

- 5 approximately 8.2%, or approximately HK\$6.1 million, will be used to recruit staff in Singapore and West Malaysia;
- 6 approximately 8.2%, or approximately HK\$6.1 million, will be used for the Group's Shihlin Taiwan Street Snacks® brand development and targeted sales and marketing campaigns; and
- 7 approximately 8.2%, or approximately HK\$6.1 million, will be used to develop the Group's customised enterprise resources planning system to enhance the Group's data infrastructure and analysis systems and facilitate franchise management.

FUTURE PLANS AND MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Prospectus and this report, the Group did not have other plans for material investments and capital assets as at 30 September 2019.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reviewed Period and up to the date of this report, save for the reorganisation for the preparation of the Listing (the "Reorganisation") as disclosed in the Prospectus, the Group did not have any material acquisitions and disposals of subsidiaries, affiliated companies and joint ventures.

FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information of the Group for the Reviewed Period (the "Condensed Consolidated Interim Financial Information") does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 March 2019 as disclosed in the Prospectus.

There have been no changes in the risk management policies of the Group during the Reviewed Period. During the Reviewed Period, the Group did not engage in any derivatives activities and did not commit to any financial instruments to hedge its exposure to foreign currency risk.

CHARGES ON THE GROUP'S ASSETS

As at 30 September 2019, the Group did not have any other banking charges except secured bank borrowings of approximately S\$2,484 thousand secured by properties of the Group with carrying values of approximately S\$3,282 thousand.

Management Discussion and Analysis

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The total shareholders' equity of the Group as at 30 September 2019 was S\$5.1 million (31 March 2019: S\$4.0 million). As at 30 September 2019, the Group had current assets of S\$13.1 million (31 March 2019: S\$9.0 million) and current liabilities of S\$9.7 million (31 March 2019: S\$5.4 million). The current ratio (calculated by dividing current assets by current liabilities) was 1.4 as at 30 September 2019 as compared to 1.6 as at 31 March 2019.

The Group generally finances its operations with internally generated cash flow. As at 30 September 2019, the Group had outstanding bank borrowings of S\$2,484 thousand (31 March 2019: S\$2,523 thousand). As at 30 September 2019, the Group maintained cash and cash equivalents of S\$5.9 million (31 March 2019: S\$4.3 million). The Group's net cash-to-equity ratio (dividing cash and cash equivalents net of total borrowings by shareholders' equity) was 0.7 as at 30 September 2019 (31 March 2019: 0.4).

As at 30 September 2019, the Group possessed sufficient cash to meet its commitments and working capital requirements.

The Shares in issue were initially listed on the Main Board of the Stock Exchange on the Listing Date. There is no material change in the capital structure of the Company since the Listing Date. The capital of the Company comprises only ordinary shares.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Reviewed Period. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

GEARING RATIO

As at 30 September 2019, the gearing ratio of the Group was 49.2% (31 March 2019: 92.0%). Gearing ratio is calculated based on the total debt divided by total equity as at the respective period/year end. Total debt includes borrowings and non-trade amounts due to related parties.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 September 2019, the Group had not entered into any material off-balance sheet commitments or arrangements.

Management Discussion and Analysis

EVENTS AFTER REPORTING PERIOD

Save for the Listing as disclosed in the section headed “Use of Proceeds” of this report, there were no other significant events after the Reviewed Period and up to the date of this report.

CONTINGENT LIABILITY

As at 30 September 2019, the Group did not have any material contingent liabilities.

DISCLOSURE OF INFORMATION

This interim report of the Company for the six months ended 30 September 2019 will be published on the websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.snackemp.com>) and shall be dispatched to the shareholders in due course.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

The Shares in issue were initially listed on the Main Board of the Stock Exchange on the Listing Date.

As at the date of this report, the interests and short positions of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (the "Model Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long position in the Shares

Name of Directors	Capacity	Nature of interest	Number of shares held	Percentage of shareholding
Daniel Tay Kok Siong ("Mr. Tay") (Note)	Interest of controlled corporation	Corporate interest	600,000,000	75%
Wong Chee Tat ("Mr. Wong") (Note)	Interest of controlled corporation	Corporate interest	600,000,000	75%

Corporate Governance and Other Information

(b) Long position in the shares of the associated corporation of the Company

Name of Directors	Associated corporation	Capacity	Nature of interest	Number of shares held	Percentage of shareholding
Mr. Tay	Brilliant Stride Limited ("Brilliant Stride") (Note)	Beneficial owner	Personal interest	1	50%
Mr. Wong	Brilliant Stride (Note)	Beneficial owner	Personal interest	1	50%

Note:

The issued shares of Brilliant Stride are legally and beneficially owned as to 50% by Mr. Tay, the chairman of the board of Directors (the "Board") and an executive Director, and 50% by Mr. Wong, an executive Director and the chief executive officer of the Company. Accordingly, Mr. Wong and Mr. Tay are deemed to be interested in 600,000,000 Shares held by Brilliant Stride by virtue of the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO to (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered in the register as referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this report, the following corporation and persons (other than a Director or the chief executive of the Company) had interests or short positions in the Shares as recorded in the register required to be kept under section 336 of the SFO were as follows:

Long positions in Shares

Name of Shareholders	Capacity	Nature of interest	Number of Shares held	Percentage of shareholding
Brilliant Stride (<i>Note 1</i>)	Beneficial owner	Personal interest	600,000,000	75%
Chong Yi May Cheryl (<i>Note 2</i>)	Interest of spouse	Family interest	600,000,000	75%
Lim Michelle (<i>Note 3</i>)	Interest of spouse	Family interest	600,000,000	75%

Notes:

- (1) The issued shares of Brilliant Stride are legally and beneficially owned as to 50% by Mr. Tay and 50% by Mr. Wong. Accordingly, Mr. Wong and Mr. Tay are deemed to be interested in 600,000,000 Shares held by Brilliant Stride by virtue of the SFO.
- (2) Chong Yi May Cheryl, the spouse of Mr. Wong, is deemed under the SFO to be interested in the Shares in which Mr. Wong has an interest or a deemed interest.
- (3) Lim Michelle, the spouse of Mr. Tay, is deemed under the SFO to be interested in the Shares in which Mr. Tay has an interest or a deemed interest.

Save as disclosed above, as at the date of this report, no other corporation which or person (other than a Director or the chief executive of the Company) who had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Shares in issue were initially listed on the Main Board of the Stock Exchange on the Listing Date. From the Listing Date up to the date of this report, the Company has not redeemed any of its listed securities, nor has the Company or any of its subsidiaries purchased or sold such securities.

COMPLIANCE OF CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance. The Board believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders' interests. The Company has adopted the code provisions as stated in the Corporate Governance Code set out in Appendix 14 to the Listing Rules (the "CG Code"). The Board is committed to complying with such code provisions to the extent that the Directors consider it is applicable and practical to the Company.

As the Shares were initially listed on the Main Board of the Stock Exchange on the Listing Date, the CG Code was not applicable to the Company during the Reviewed Period and the period from 1 October 2019 to 22 October 2019. In the opinion of the Directors, the Company has complied with the CG Code from the Listing Date up to the date of this report.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its own code of conduct to regulate all dealings by Directors and relevant employees of securities in the Company. As the Shares were initially listed on the Main Board of the Stock Exchange on 23 October 2019, the Model Code was not applicable to the Company during the Reviewed Period and the period from 1 October 2019 to 22 October, 2019. The Company has made specific enquiries with all Directors and they have confirmed that they had complied with the Model Code from the Listing Date and up to the date of this report.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") on 23 September 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code. The Audit Committee consists of three members, three of whom are independent non-executive Directors, being Mr. Lim Wee Pin, Mr. Jong Voon Hoo and Mr. Koh Boon Chiao. The Audit Committee is chaired by Mr. Lim Wee Pin. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting system, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. It also acts as an important link between the Board and the Company's independent auditors (the "Independent Auditors") in matters within the scope of the group audit.

Corporate Governance and Other Information

The unaudited interim results of the Group for the Reviewed Period have not been reviewed by the Independent Auditors, but have been reviewed by the Audit Committee. The Audit Committee has also discussed and reviewed with the management the accounting principles and practices adopted by the Group and its financial reporting matters. The Audit Committee is of the view that such results have been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and other legal requirements, and that adequate disclosures have been made.

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 September	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Revenue	6	12,008	9,350
Cost of sales		(4,370)	(3,603)
Gross profit		7,638	5,747
Other income	7	157	139
Other gains		3	55
Selling and distribution expenses		(2,031)	(2,125)
Administrative expenses		(3,116)	(3,180)
Finance cost — net	8	(53)	(4)
Profit before income tax		2,598	632
Income tax expense	9	(642)	(309)
Profit for the period attributable to equity holders of the Company	10	1,956	323
Other comprehensive (loss)			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from translation of foreign operations		(8)	(49)
		(8)	(49)
Total comprehensive income for the period attributable to equity holders of the Company		1,948	274
Earnings per share for the profit attributable to equity holders of the Company			
Basic and diluted (S\$ cents)	12	0.32	0.05

Condensed Consolidated Statement of Financial Position

		As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	13	5,577	3,820
Current assets			
Inventories	14	934	811
Trade and other receivables and prepayments	15	6,170	3,900
Cash and cash equivalents	16	5,946	4,263
		13,050	8,974
Total assets		18,627	12,794
EQUITY AND LIABILITIES			
Equity			
Share capital		*	—
Capital reserve		5,051	4,030
Equity attributable to equity holders of the Company		5,051	4,030

Condensed Consolidated Statement of Financial Position (Continued)

		As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
LIABILITIES			
Current liabilities			
Trade and other payables	17	7,056	4,333
Borrowings	18	80	83
Provisions		109	103
Deferred revenue		472	361
Current income tax and liabilities		833	569
Lease liabilities		1,105	—
		9,655	5,449
Non-current liabilities			
Deferred revenue		1,021	860
Deferred tax liabilities		15	15
Borrowings	18	2,404	2,440
Lease liabilities		481	—
		3,921	3,315
Total liabilities		13,576	8,764
Total equity and liabilities		18,627	12,794

* Amounts less than S\$1,000

Condensed Consolidated Statement of Changes in Equity

Group	Attributable to equity holders of the Company				Total attributable to equity holders of the Company S\$'000
	Combined capital S\$'000	Other reserves S\$'000	Retained profits S\$'000	Foreign currency translation reserve S\$'000	
	<i>Note (a)</i>				
As at 1 April 2018 (audited)	474	—	2,847	(150)	3,171
Profit for the period	—	—	323	—	323
Other comprehensive loss for the period	—	—	—	(49)	(49)
Total comprehensive income/(loss) for the period	—	—	323	(49)	274
Restructuring of certain Operating Companies	926	(1,139)	—	—	(213)
Dividends declared in respect of this period	—	—	(1,138)	—	(1,138)
Total transactions with equity holders, recognised directly in equity	926	(1,139)	(1,138)	—	(1,351)
As at 30 September 2018 (unaudited)	1,400	(1,139)	2,032	(199)	2,094

Condensed Consolidated Statement of Changes in Equity (Continued)

Group	Attributable to equity holders of the Company						Total attributable to equity holders of the Company S\$'000
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Other reserves S\$'000	Retained profits S\$'000	Foreign currency translation reserve S\$'000	
As at 1 April 2019 (audited)	—	—	1,400	(1,139)	3,973	(204)	4,030
Profit for the period	—	—	—	—	1,956	—	1,956
Other comprehensive loss for the period	—	—	—	—	—	(8)	(8)
Total comprehensive income/(loss) for the period	—	—	—	—	1,956	(8)	1,948
Issuance of ordinary shares by the Company							
— Completion of the reorganisation	*	68,800	(68,800)	—	—	—	—
Restatement due to IFRS 16 (Note 3.1)	—	—	—	—	73	—	73
Dividends declared in respect of this period	—	—	—	—	(1,000)	—	(1,000)
Total transactions with equity holders, recognised directly in equity	*	68,800	(68,800)	—	(927)	—	(927)
As at 30 September 2019 (unaudited)	*	68,800	(67,400)	(1,139)	5,002	(212)	5,051

* Amounts less than S\$1,000

Note:

- (a) The capital reserve represents the difference between the nominal value of the share capital issued by the Company for the acquisition of all the nominal value of the combined share capital of the "Operating Companies" for which the Company acquired their interests pursuant to the Reorganisation (Note 2).

Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Cash flow from operating activities		
Profit before income tax	2,598	632
Adjustments for:		
– Depreciation of property, plant and equipment	862	73
– Interest income	(10)	(12)
– Interest paid	63	16
Operating profit before working capital changes	3,513	709
Changes in working capital		
– Inventories	(124)	(163)
– Trade and other receivables and prepayments	(1,976)	(259)
– Trade and other payables including provisions	2,726	2,011
– Deferred revenue	272	237
Cash generated from operations	4,411	2,535
Income tax paid	(378)	(38)
Net cash generated from operating activities	4,033	2,497
Cash flow from investing activities		
Purchase of property, plant and equipment	(210)	(3,388)
Interest received	10	12
Net cash used in investing activities	(200)	(3,376)

Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended	
	30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Cash flow from financing activities		
Issuance of new shares of certain Operating Companies	—	270
Restructuring of certain Operating Companies	—	(483)
Principal elements of lease payment	(776)	—
Proceeds from borrowings	—	2,600
Interest paid	(28)	(17)
Dividend paid	—	(1,138)
Repayment of borrowings	(1,039)	(36)
Listing expenses	(296)	(543)
	(2,139)	653
Net cash (used in)/generated from financing activities	(2,139)	653
Net increase/(decrease) in cash & cash equivalents	1,694	(226)
Cash and cash equivalents		
Beginning of reporting period	4,263	4,058
Net effect of exchange rate changes in consolidating subsidiaries	(11)	22
	5,946	3,854
End of Reviewed Period	5,946	3,854

Notes to the Condensed Consolidated Financial Statements

1 GENERAL INFORMATION

Snack Empire Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in wholesale and retail of food and beverages.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Shares were initially listed on the Main Board of the Stock Exchange on the Listing Date.

This Condensed Consolidated Interim Financial Information has not been audited by the Independent Auditors but have been reviewed by the Audit Committee.

2 BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Information has been prepared in accordance with International Accounting Standard (the “IAS”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (the “IASB”) as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

In preparation for the initial listing of the Shares on the Main Board of the Stock Exchange, the Group has undergone and completed the Reorganisation on 23 September 2019 whereupon the Company became the holding company of the Operating Companies now comprising the Group and the listing vehicle of the Group. Details of the Reorganisation are set out in the section headed “History, Reorganisation and Group Structure” of the Prospectus.

The Reorganisation involves interspersing the Company and other investment holding companies between the Company and its shareholders. Accordingly, the financial information has been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the Reviewed Period. The unaudited condensed consolidated statement of comprehensive income, unaudited condensed consolidated statement of financial position and unaudited condensed consolidated statement of changes in equity have been prepared as if the current group structure upon completion of the Reorganisation had been in existence throughout the Reviewed Period, or since their respective date of incorporation, where this is a shorter period.

This Condensed Consolidated Interim Financial Information is presented in Singapore dollars (“S\$”) which is also the functional currency of the Company.

The Condensed Consolidated Interim Financial Information should be read in conjunction with the Company’s combined financial statements for the year ended 31 March 2019, which have been prepared in accordance with International Financial Reporting Standards issued by the IASB, as set out in the Prospectus.

Notes to the Condensed Consolidated Financial Statements

3 PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the Condensed Consolidated Interim Financial Information are the same as those followed in the preparation of the Group's financial statements for the year ended 31 March 2019.

In the Reviewed Period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") and Interpretations issued by the International Financial Reporting Interpretations Committee that are mandatorily effective for the Reviewed Period.

A number of new or amended standards became applicable for the Reviewed Period, and the Group had to change its accounting policies as a result of adopting IFRS 16 Leases. The Group elected to adopt the simplified transition approach of IFRS 16 and recognise the cumulative effect of initially applying the new standard on 1 April 2019.

The impact of the adoption of IFRS 16 and the new accounting policies are disclosed in Note 3.1 below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.1 Change in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 April 2019.

Notes to the Condensed Consolidated Financial Statements

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Change in accounting policies *(Continued)*

(a) **Adjustments recognised on adoption of IFRS 16**

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted at incremental borrowing rates of an equivalent instrument on 1 April 2019.

	S\$'000 (unaudited)
Operating lease commitments disclosed as at 31 March 2019	2,759
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,860
(Less): short-term leases recognised on a straight-line basis as expense	—
	<hr/>
Lease liability recognised as at 1 April 2019	1,860
Of which are:	
Current lease liabilities	1,230
Non-current lease liabilities	630
	<hr/>
	1,860
	<hr/>

The right-of-use assets were measured at a carrying amount as if IFRS 16 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Notes to the Condensed Consolidated Financial Statements

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Change in accounting policies *(Continued)*

(a) **Adjustments recognised on adoption of IFRS 16** *(Continued)*

The recognised right-of-use assets relate to the following types of assets:

	As at 30 September 2019 S\$'000 (unaudited)	As at 1 April 2019 S\$'000 (unaudited)
Properties	1,670	1,933

The change in accounting policy affected the following items in the statement of financial position on 1 April 2019:

Right-of-use assets — increase by	1,933
Restatement due to IFRS 16	73
Lease liabilities — increase by	1,860

(b) **The Group's leasing activities and how these are accounted for**

The Group leases various office, warehouse and food and beverage retail space. Rental contracts are typically made for fixed periods of 2 to 3 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the financial year ended 31 March 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Notes to the Condensed Consolidated Financial Statements

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Change in accounting policies *(Continued)*

(b) The Group's leasing activities and how these are accounted for *(Continued)*

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Notes to the Condensed Consolidated Financial Statements

3 PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.1 Change in accounting policies *(Continued)*

(b) The Group's leasing activities and how these are accounted for *(Continued)*

(i) Variable lease payments

Estimation uncertainty arising from variable lease payments

Some property leases for restaurants and outlets contain variable payment terms that are linked to sales generated from the restaurants and outlets. For individual restaurants and outlets, up to 100% of lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established restaurants and outlets. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

A 5% increase in sales across all stores in the Group with such variable lease contracts would increase total lease payments by approximately 0.5%.

(ii) Extension and termination options

Extension and termination options are included in certain leases of the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

Notes to the Condensed Consolidated Financial Statements

4 ESTIMATES

The preparation of the Condensed Consolidated Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Condensed Consolidated Interim Financial Information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Group for the year ended 31 March 2019 as disclosed in the Prospectus.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The Condensed Consolidated Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2019.

There have been no significant changes in the risk management policies during the Reviewed Period.

5.2 Fair value estimation

The carrying amounts of the Group's current financial assets, including trade receivables, deposits with external parties, other receivables and cash and cash equivalents, and current financial liabilities, including trade payables, accruals, deposits received, dividends payable, other payables and borrowings, approximate their fair values as at reporting date due to their short maturities.

Notes to the Condensed Consolidated Financial Statements

6 SEGMENT INFORMATION

The Group's executive Directors, who are the Chief Operating Decision-Makers ("CODMs") monitor the operating results of its operating segments for the purpose of making decisions about resource allocation and performance assessment. The Group's CODMs consider all businesses to be included in a single operating segment. Information reported to Group's CODMs, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated.

The following is an analysis of revenue and non-current assets by geographical areas. Revenue is attributed to countries by locations of customers.

	Revenue from external customers	
	Six months ended	
	30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Revenue		
Singapore	4,719	3,525
Malaysia	5,395	4,594
Indonesia	1,658	1,066
USA	224	158
Others	12	7
	12,008	9,350

The income derived from our Indonesia segment comes from a single master licensee, and is also the top 10% of our total revenue.

Notes to the Condensed Consolidated Financial Statements

7 OTHER INCOME

	Six months ended 30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Government grants	7	—
Operating fee income	43	50
Others	107	89
	<u>157</u>	<u>139</u>

8 FINANCE COST — NET

	Six months ended 30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Interest income	10	12
Interest expense	(63)	(16)
	<u>(53)</u>	<u>(4)</u>

9 INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Current tax		
Singapore profits tax	476	219
Malaysia profits tax	166	90
	<u>642</u>	<u>309</u>

Notes to the Condensed Consolidated Financial Statements

9 INCOME TAX EXPENSE *(Continued)*

Taxation has been provided at the appropriate rates in the countries in which the Group operates. The Company is not subject to any taxation in the Cayman Islands and the British Virgin Islands. Singapore Corporate income tax rate has been provided at 17% on the estimated profit before corporate tax exemption, whilst under the Income Tax Act, 1967, the applicable income tax rates for the Group entities in Malaysia approximates 18%.

10 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Total employee benefit costs and Directors' remuneration		
Wages, salaries and allowances	1,859	1,567
Retirement benefit costs — defined contribution plans	109	110
Depreciation of property, plant and equipment	862	73

11 DIVIDENDS

	Six months ended	
	30 September	
	2019	2018
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Dividend declared during the period	1,000	1,138

Notes to the Condensed Consolidated Financial Statements

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 September 2019 and 2018. In determining the weighted average number of ordinary shares, the additional 599,999,900 shares under the capitalisation on the Listing Date were treated as if they had been in issue since 1 April 2018.

	Six months ended	
	2019	2018
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company (S\$'000)	1,948	274
Weighted average number of ordinary shares in issue	600,000,000	600,000,000
Basic and diluted earnings per share (S\$ cents per share)	0.32	0.05

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 September 2019 and 2018.

13 MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the Reviewed Period, the Group acquired properties, furniture and fittings, kitchen equipment, office equipment, renovation works and computers of approximately S\$ Nil (31 March 2019: S\$3,343 thousands), S\$5 thousands (31 March 2019: S\$7 thousands), S\$7 thousands (31 March 2019: S\$26 thousands), S\$13 thousands (31 March 2019: S\$56 thousands) and S\$192 thousands (31 March 2019: S\$191 thousands) and S\$ Nil (31 March 2019: S\$13 thousands).

14 INVENTORIES

Inventories comprise fast moving consumables items. The cost of inventories included in cost of sales amounted to S\$4,370 thousands and S\$3,603 thousands, for the period ended 30 September 2019 and 2018, respectively.

Notes to the Condensed Consolidated Financial Statements

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
Trade receivables	265	554
Other receivables	5,905	3,346
	<hr/>	<hr/>
Trade and other receivables	6,170	3,900
	<hr/>	<hr/>
The aging analysis of trade receivables based on the invoice date at the end of the reporting period is as follows:		
Within 90 days	225	544
Above 90 days	40	10
	<hr/>	<hr/>
	265	554
	<hr/>	<hr/>

16 CASH AND CASH EQUIVALENTS

	As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
Cash at banks	5,940	4,258
Cash on hand	6	5
	<hr/>	<hr/>
	5,946	4,263
	<hr/>	<hr/>

Notes to the Condensed Consolidated Financial Statements

17 TRADE AND OTHER PAYABLES

	As at 30 September 2019 S\$'000 (unaudited)	As at 31 March 2019 S\$'000 (audited)
Trade payables	461	480
Other payables and accruals	5,595	3,853
Dividend payable	1,000	—
	7,056	4,333
The aging analysis of trade payables based on the invoice date at the end of the reporting period is as follows:		
Within 90 days	459	480
Above 90 days	2	—
	461	480

18 BORROWINGS

	As at 30 September 2019 S\$ (unaudited)	As at 31 March 2019 S\$ (audited)
Current		
Bank borrowings	80	83
Non-current		
Bank borrowings	2,404	2,440
The weighed average effective interest rate of the borrowings per annum is:		
	2.2%	1.6%
The Group's bank borrowings are repayable as follows:		
Within 1 year	80	83
Over 1 year to 2 years	80	83
Over 2 years to 5 years	244	259
Over 5 years	2,080	2,098
	2,484	2,523

Notes to the Condensed Consolidated Financial Statements

19 SIGNIFICANT RELATED PARTY TRANSACTIONS**(a) Significant related party transaction**

Name of party	Relationship	Nature of transaction	Six months ended	
			30 September 2019	2018
			S\$'000	S\$'000
			(unaudited)	(unaudited)
IP Asset Management Pte. Ltd	Landlord	Rental expense	—	38

(b) Outstanding balances arising from transaction with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	As at 30 September 2019	As at 31 March 2019
	S\$	S\$
	(unaudited)	(audited)
Amount due to related parties		
STSS (M) Sdn. Bhd.	—	1
Mr. Tay	—	1,182