



# 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



# INTERIM REPORT

# Contents

Corporate Information	2	Condensed Consolidated Statement of Financial Position	18
Management Discussion and Analysis	3	Condensed Consolidated Statement of Changes in Equity	20
Corporate Governance and Other Information	12	Condensed Consolidated Statement of Cash Flows	22
Condensed Consolidated Statement of Comprehensive Income	17	Notes to the Condensed Consolidated Financial Statements	24



# 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

Ms. Tung Wing Yee Winnie  
(*Appointed on 30 November 2020*)  
Sir Kwok Siu Man KR  
(*Resigned on 30 November 2020*)

## AUTHORISED REPRESENTATIVES

Mr. Wong Chee Tat  
Ms. Tung Wing Yee Winnie  
(*Appointed on 30 November 2020*)  
Sir Kwok Siu Man KR  
(*Ceased to act on 30 November 2020*)

## REGISTERED OFFICE

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

10 Anson Road  
#21-02, International Plaza  
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

Oversea-Chinese Banking Corporation Limited  
65 Chulia Street  
Singapore 049513

## INDEPENDENT AUDITORS

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
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 REVIEW

For the six months ended 30 September 2020 (the “Reviewed Period”), the overall global economy was affected by the novel coronavirus disease (COVID-19) pandemic (the “COVID-19 Pandemic”), as governments of various nations entered into varying degrees of lockdown to impede the spread of infection. If not for the effort of Snack Empire Holdings Limited (the “Company”, collectively with its subsidiaries, the “Group”) to boost sales with a view to minimise the impact of the COVID-19 Pandemic on the Group, sales from the self-operated outlet(s) and restaurant(s), (“Self-operated Outlet(s) and Restaurant(s)”) operated by the Group in The Republic of Singapore (“Singapore”) and Malaysia and the overall profitability of the Group would have taken a more severe hit from the lockdown happening across various countries in which the Group operates or trades. These actions implemented by the Group includes, but are not limited to: (i) actively promoting online sales through food delivery vendors, including operating the Group’s own online delivery website; (ii) developing new food item(s), for example by launching a bubble tea drink series to fill the void left behind by other vendors during the COVID-19 Pandemic; (iii) having close communications with landlords for rental rebates and discounts; (iv) having communications with governments for potential grants; and (v) taking measures to lower idle labour by encouraging non-essential staff to utilise their annual leaves.





# Management Discussion and Analysis

## FINANCIAL REVIEW

The following table sets out a breakdown of the total revenue of the Group by sales segments and their relevant percentages to the total revenue for the Reviewed Period together with the relevant comparative figures for the six months ended 30 September 2019 (the “Corresponding Period”):

	Six months ended 30 September			
	2020		2019	
	\$S'000 (unaudited)	% of total revenue	\$S'000 (unaudited)	% of total revenue
<b>Revenue</b>				
Sales of goods				
— Outlet sales	7,351	68.1%	5,948	49.5%
— Franchisees/licensee	2,736	25.4%	4,573	38.1%
Franchise fee	190	1.8%	314	2.6%
Advertising and promotion fees	264	2.4%	122	1.0%
Royalty	247	2.3%	1,051	8.8%
<b>Total</b>	<b>10,788</b>	<b>100.0%</b>	<b>12,008</b>	<b>100.0%</b>

The total unaudited revenue of the Group fell from approximately S\$12,008 thousands for the Corresponding Period to approximately S\$10,788 thousands for the Reviewed Period, resulting in a decrease in total revenue of approximately 10.2%, which was mainly due to the decrease in sales to the Group’s franchisees & licensee, and the decrease in royalty income received. The effect of the decrease was partially offset by an increase in sales of goods from the Group’s Self-operated Outlets and Restaurants. Overall sales of goods to the Republic of Indonesia (“Indonesia”) fell by approximately S\$576 thousands or 61% as compared to the Corresponding Period, while our sales of goods to Malaysia fell by approximately S\$1.2 million or 37% as a result of the respective governments which imposed lockdown to curb the spread of COVID-19 infection in both Indonesia and Malaysia.

Despite the challenging economic conditions brought about by the COVID-19 Pandemic, the Group managed to increase its total sales of goods generated by the Singapore Self-operated Outlets, largely due to the predominantly take away nature of its Singapore Self-operated Outlets which sits well with the shift in consumer behavior towards take outs instead of dining in.

Revenue from franchise fee and advertising and promotion fees remained relatively constant for the Reviewed Period as compared to the Corresponding Period and approximates 1.0% to 3.0% of the Group’s total revenue.



# Management Discussion and Analysis

Revenue from royalty is charged at a fixed predetermined percentage of non-self-operated outlets' revenue. The decrease in royalty income was generally in line with the decrease in sales to the Group's franchisees and licensee. As the franchisees and licensee did not procure all their food ingredients from the Group other than those mandatory ingredients that were generally less perishable, the percentage decrease in royalty income was higher than the percentage decrease in sales of goods to the Group's franchisees and licensee mainly due to the varying portion of food ingredients used.

The overall decrease in the Group's unaudited revenue for the Reviewed Period as compared to the Corresponding Period attributed to the decrease in the Group's net profit.

## GROSS PROFIT

Gross profit is calculated based on total sales less total cost of sales. Cost of sales relates to the cost of food ingredients, beverages and packagings consumed by the Group's Self-operated Outlet(s) and Restaurant(s) in Singapore and Malaysia for their retail sales, and the cost of food ingredients, beverages and packagings sold to the Group's franchisees in Singapore, Malaysia, Indonesia, United States, Egypt and Cambodia.

For the Reviewed Period, the decrease in cost of goods sold was in line with the decrease in revenue with gross profit margin staying relatively constant at approximately 64% as compared to the Corresponding Period.

## SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

Selling and distribution expenses mainly consist of freight and delivery charges, advertising expenses, outlet rental and depreciation expenses and outlet staff salaries. Overall selling and distribution expenses increased as compared to the Corresponding Period by approximately S\$430 thousands or 18.9% largely due to the increase in advertising expenses, additional staff salaries, rental expenses and depreciation of the right of use assets as part of the Group's expansion plans.

Administrative expenses increased by approximately S\$370 thousands or 12.9% mainly due to higher staff cost.

## OTHER INCOME

Increase in other income mainly pertains to Government grants received amounting S\$906 thousands for the Reviewed Period as compared to S\$7 thousands received in the Corresponding Period.

## OUTLOOK

The Group remains cautious on the impact of the COVID-19 Pandemic and other market uncertainties. Its business and revenue will be adversely affected if the COVID-19 Pandemic continues, or if the governments of the countries in which the group operates continue to impose lockdown or movement control order.



# Management Discussion and Analysis

## INTERIM DIVIDEND

The ordinary 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). The board of directors of the Company (the “Directors” and “Board”, respectively) has resolved not to declare the payment of any interim dividend for the Reviewed Period.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020, the Group had 172 employees with a total staff cost for the Reviewed Period amounting to S\$2,928 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 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, other allowances and benefits-in-kind, including the Company’s contribution to their retirement benefit schemes on their behalf.

## SHARE OPTION SCHEME

Pursuant to the written resolution of the then sole shareholder of the Company (the “Shareholder”) passed on 23 September 2019, the Company adopted a share option scheme (the “Share Option Scheme”) conditional upon the Listing. The Share Option Scheme became effective on the Listing Date. As no share option has been granted by the Company under the Share Option Scheme since the Listing Date, there was no share option outstanding as at 30 September 2020 and no option was exercised or cancelled or lapsed during the Reviewed Period.

The principal terms of the Share Option Scheme are set out as follows:

### (a) Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to enable the Board to grant options to Eligible Persons (as defined below) as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.



# Management Discussion and Analysis

## **(b) Eligible Persons**

The Directors may, at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit, offer to grant share option to any employee or proposed employee (whether full-time or part-time, including any director) of any member of the Group or invested entity; and any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity.

## **(c) Maximum number of Shares**

The total number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 80,000,000 Shares, being 10% of the total number of Shares in issue as at the date of this interim report.

## **(d) Maximum entitlement of each eligible person**

Unless approved by the Shareholders in general meeting and subject to the following paragraph, no share option shall be granted to any Eligible Person if any further grant of share options would result in the Shares issued and to be issued upon exercise of all share options granted and to be granted to such person (including exercised, cancelled and outstanding share options) in the 12-month period up to and including such further grant would exceed 1% of the total number of Shares in issue from time to time.

Where a share option is to be granted to a substantial Shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or an independent non-executive Director (or any of their respective associates (as defined in the Listing Rules)), and such grant will result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of the Company in the 12-month period up to and including the date of such grant: (1) representing in aggregate over 0.1% of the total number of Shares in issue at the relevant time of grant; and (2) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of each grant, in excess of HK\$5 million, such grant shall not be valid unless approved by the independent Shareholders in general meeting.



# Management Discussion and Analysis

**(e) Period within which the securities must be exercised under a share option**

A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

**(f) Minimum period for which a share option must be held before it can be exercised**

There is no minimum period in which a share option must be held before the exercise of any share option save as otherwise imposed by the Board in the relevant offer of share options.

**(g) Period for and consideration payable on acceptance of an option**

An offer of grant of a share option may be accepted by an eligible person within the date as specified in the offer letter issued by the Company, being a date not later than 21 days inclusive of the date upon which it is made. The amount payable by the grantee of a share option to the Company on acceptance of the offer for the grant of a share option is HK\$1.00.

**(h) Basis of determining the exercise price**

The subscription price of a Share in respect of any particular share option granted under the Share Option Scheme shall be such price as determined by the Board, and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of offer to grant a share option (the "Offer Date"), which must be a trading day, on which the Board passes a resolution approving the making of an offer of grant of a share option to an Eligible Person; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

**(i) Remaining life**

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of adoption of the Share Option Scheme, after which period no further share option shall be granted.



# Management Discussion and Analysis

## USE OF PROCEEDS FROM THE SHARE OFFER

The Company issued 200,000,000 Shares at HK\$0.65 per Share pursuant to the Share Offer (as defined in the Company's prospectus dated 30 September 2019 (the "Prospectus")). The net proceeds from the Share Offer were approximately S\$13.0 million or equivalent to HK\$74.8 million (after deducting underwriting fees and related listing expenses) (the "Net Proceeds"). Having considered the impact brought about by the COVID-19 Pandemic, the Board has resolved to change the use of the unutilised Net Proceeds as set out in the announcement of the Company dated 27 November 2020 (the "Announcement"). For details of the change in use of Net Proceeds, please refer to the Announcement. The use of the Net Proceeds from the Listing up to 30 September 2020 was approximately as follows:

	Original allocation of Net Proceeds (S\$'000)	Proposed change in allocation of Net Proceeds (S\$'000)	Revised allocation of Net Proceeds (S\$'000)	Utilised Net Proceeds as at 30 September 2020 (S\$'000)	Unutilised balance of revised Net Proceeds as at 30 September 2020 (S\$'000)	Estimated timeline of full utilisation of unutilised Net Proceeds
New Self-operated Outlets in Singapore	2,900	—	2,900	(169)	2,731	March 2024
New Self-operated Outlets in West Malaysia	2,150	—	2,150	(205)	1,945	March 2024
Expansion of Non-self-operated Outlets and Restaurants network	2,720	(990)	1,730	(12)	1,718	March 2024
Refurbishment of Self-operated Outlets and Restaurants	2,050	(590)	1,460	(54)	1,406	March 2023
Strengthening manpower	1,060	—	1,060	(54)	1,006	March 2024
Marketing and promotional initiatives	1,060	(360)	700	(156)	544	March 2024
Upgrade IT infrastructure, data management and franchise management system	1,060	—	1,060	—	1,060	March 2023
General working capital	—	1,940	1,940	—	1,940	March 2024
<b>Total</b>	<b>13,000</b>	<b>—</b>	<b>13,000</b>	<b>(650)</b>	<b>12,350</b>	



# Management Discussion and Analysis

## **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 2020.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

During the Reviewed Period and up to the date of this report, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 September 2020, the Group did not have any other banking charges except secured bank borrowings of approximately S\$2,404 thousand denominated in Singapore dollars and secured by properties of the Group with carrying values of approximately S\$3,215 thousand.

## **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 audited consolidated financial statements for the year ended 31 March 2020 ("FY2020") as disclosed in the FY2020 annual report of the Company.

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.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The total shareholders' equity of the Group as at 30 September 2020 was approximately S\$26.3 million (31 March 2020: S\$25.1 million). As at 30 September 2020, the Group had current assets of approximately S\$28.9 million (31 March 2020: S\$27.4 million) and current liabilities of approximately S\$4.1 million (31 March 2020: S\$3.9 million). The current ratio (calculated by dividing current assets by current liabilities) was approximately 7.0 as at 30 September 2020 as compared to approximately 7.0 as at 31 March 2020.

The Group generally finances its operations with internally generated cash flow. As at 30 September 2020, the Group had outstanding bank borrowings of approximately S\$2,404 thousand (31 March 2020: S\$2,444 thousand). As at 30 September 2020, the Group maintained cash and cash equivalents of approximately S\$23.3 million (31 March 2020: S\$21.6 million). The Group's net cash-to-equity ratio (dividing cash and cash equivalents net of total borrowings by shareholders' equity) was approximately 0.8 as at 30 September 2020 (31 March 2020: 0.8).





# Management Discussion and Analysis

As at 30 September 2020, the Group possessed sufficient cash to meet its commitments and working capital requirements, and most of the Group's bank deposit and cash were denominated in Singapore dollars, Malaysian ringgit and Hong Kong dollars.

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

## TREASURY POLICIES

The Group had 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 2020, the gearing ratio of the Group was approximately 15% (31 March 2020: 16%). Gearing ratio is calculated based on the total debt divided by total equity as at the respective period/year end. Total debt is calculated as borrowings plus lease liabilities and non-trade amounts due to related parties.

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As at 30 September 2020, the Group had not entered into any material off-balance sheet commitments or arrangements.

## EVENTS AFTER REPORTING PERIOD

There were no other significant events after the Reviewed Period and up to the date of this report.

## CONTINGENT LIABILITY

As at 30 September 2020, 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 2020 will be published on the respective websites of both the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.snackemp.com>) and will 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

As at 30 September 2020, 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 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. Daniel Tay") <i>(Note)</i>	Interest of controlled corporation	Corporate interest	600,000,000	75%
Wong Chee Tat ("Mr. Melvyn Wong") <i>(Note)</i>	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. Daniel Tay	Brilliant Stride Limited ("Brilliant Stride") <i>(Note)</i>	Beneficial owner	Personal interest	1	50%
Mr. Melvyn Wong	Brilliant Stride <i>(Note)</i>	Beneficial owner	Personal interest	1	50%

*Note:*

The issued shares of Brilliant Stride are legally and beneficially owned as to 50% by Mr. Daniel Tay, the chairman of the Board and an executive Director, and 50% by Mr. Melvyn Wong, an executive Director and the chief executive officer of the Company. Accordingly, Mr. Melvyn Wong and Mr. Daniel 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 30 September 2020, 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 30 September 2020, 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 (Note 1)	Beneficial owner	Personal interest	600,000,000	75%
Chong Yi May Cheryl (Note 2)	Interest of spouse	Family interest	600,000,000	75%
Lim Michelle (Note 3)	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. Daniel Tay and 50% by Mr. Melvyn Wong. Accordingly, Mr. Melvyn Wong and Mr. Daniel 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. Melvyn Wong, is deemed under the SFO to be interested in the Shares in which Mr. Melvyn Wong has an interest or a deemed interest.
- (3) Lim Michelle, the spouse of Mr. Daniel Tay, is deemed under the SFO to be interested in the Shares in which Mr. Daniel Tay has an interest or a deemed interest.

Save as disclosed above, as at 30 September 2020, 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 were 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**

During the Reviewed Period, the Company has not redeemed any of its listed securities, nor has the Company or any of its subsidiaries purchased or sold such securities.

## **CHANGE IN INFORMATION OF DIRECTOR**

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director since the date of the Company's FY2020 annual report and up to the date of this interim report is set out below:

- Mr. Koh Boon Chiao, an independent non-executive Director, was appointed as Assistant General Counsel of MindChamps PreSchool Limited and resigned as head of legal from ICHX Tech Pte. Ltd., both with effect from August 2020.

## **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 them applicable and practical to the Company.

The Directors are of the opinion that the Company has complied with the CG Code during the Reviewed Period.

## **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. The Company has made specific enquiries with all Directors and they have confirmed that they had complied with the Model Code during the Reviewed Period.



# Corporate Governance and Other Information

## 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, all of them 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.

The unaudited interim results of the Group for the Reviewed Period and this report 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 of the Group (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.

## ACKNOWLEDGEMENTS

The Board extends their sincere gratitude and appreciation to the Group’s Shareholders, business partners, customers for their continuous support to the Group and appreciates the hard work provided by the Management and staff throughout the Reviewed Period.

By order of the Board

**Mr. Daniel Tay**

*Chairman and Executive Director*

Singapore, 30 November 2020



# Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended	
		30 September	
		2020	2019
		S\$'000	S\$'000
		(unaudited)	(unaudited)
Revenue	6	<b>10,788</b>	12,008
Cost of sales		<b>(3,868)</b>	(4,370)
<b>Gross profit</b>		<b>6,920</b>	7,638
Other income	7	<b>1,059</b>	157
Other (losses)/gains — net		<b>(371)</b>	3
Selling and distribution expenses		<b>(2,710)</b>	(2,280)
Administrative expenses		<b>(3,237)</b>	(2,867)
Finance income/(cost) — net	8	<b>13</b>	(53)
<b>Profit before income tax</b>		<b>1,674</b>	2,598
Income tax expense	9	<b>(442)</b>	(642)
<b>Profit for the period attributable to equity holders of the Company</b>	10	<b>1,232</b>	1,956
<b>Other comprehensive loss</b>			
<i>Item that will be reclassified subsequently to profit or loss</i>			
Currency translation difference arising from translation of foreign operations		<b>(4)</b>	(8)
		<b>(4)</b>	(8)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>		<b>1,228</b>	1,948
<b>Earnings per share for the profit attributable to equity holders of the Company</b>	12		
Basic and diluted (S\$ cents)		<b>0.15</b>	0.32





# Condensed Consolidated Statement of Financial Position

		As at 30 September 2020 Notes	As at 31 March 2020 S\$'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6, 13	5,600	5,538
<b>Current assets</b>			
Inventories	14	1,350	1,245
Trade and other receivables and prepayments	15	4,276	4,589
Cash and cash equivalents	16	23,292	21,554
		<b>28,918</b>	<b>27,388</b>
<b>Total assets</b>		<b>34,518</b>	<b>32,926</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		1,392	1,392
Share premium		17,092	17,092
Reserves		7,810	6,582
<b>Equity attributable to equity holders of the Company</b>		<b>26,294</b>	<b>25,066</b>



## Condensed Consolidated Statement of Financial Position (Continued)

		As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	17	2,123	1,673
Borrowings	18	130	81
Provisions		105	98
Deferred revenue		464	465
Current income tax and liabilities		507	555
Lease liabilities		792	1,013
		<b>4,121</b>	3,885
<b>Non-current liabilities</b>			
Deferred revenue		979	1,027
Deferred tax liabilities		16	16
Borrowings	18	2,274	2,363
Lease liabilities		834	569
		<b>4,103</b>	3,975
<b>Total liabilities</b>		<b>8,224</b>	7,860
<b>Total equity and liabilities</b>		<b>34,518</b>	32,926



# 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
	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000 <i>Note (a)</i>	Retained profits S\$'000	Foreign currency translation reserve S\$'000	
As at 31 March 2019	*	—	261	3,973	(204)	4,030
Adoption of IFRS 16	—	—	—	73	—	73
As at 1 April 2019 (audited)	*	—	261	4,046	(204)	4,103
Profit for the period	—	—	—	1,956	—	1,956
Other comprehensive loss for the period	—	—	—	—	(8)	(8)
<b>Total comprehensive income/ (loss) for the period</b>	—	—	—	1,956	(8)	1,948
Issuance of ordinary shares by the Company — Completion of the reorganisation	*	—	—	—	—	—
Dividends declared in respect of this period	—	—	—	(1,000)	—	(1,000)
<b>Total transactions with equity holders, recognised directly in equity</b>	*	—	—	(1,000)	—	(1,000)
<b>As at 30 September 2019 (unaudited)</b>	*	—	261	5,002	(212)	5,051



## 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	Foreign currency translation reserve S\$'000	Retained profits S\$'000	
<b>As at 1 April 2020 (audited)</b>	1,392	17,092	261	(187)	6,508	25,066
Profit for the period	—	—	—	—	1,232	1,232
Other comprehensive loss for the period	—	—	—	(4)	—	(4)
<b>Total comprehensive (loss)/ income for the period</b>	—	—	—	(4)	1,232	1,228
<b>As at 30 September 2020 (unaudited)</b>	1,392	17,092	261	(191)	7,740	26,294

\* Amounts less than S\$1,000

*Note:*

- (a) Capital reserve comprise the combined capital of the Operating Companies prior to the completion of the reorganisation of the Group in 2019 and the differences between total consideration paid to the Controlling Shareholders from the restructuring of certain Operating Companies within the Group in the previous financial years and the cost of investment in those operating Companies. Capital reserves are non-distributable.



# Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
<b>Cash flow from operating activities</b>		
Profit before income tax	1,674	2,598
Adjustments for:		
— Depreciation of property, plant and equipment	779	862
— Interest income	(75)	(10)
— Interest paid	62	63
— Unrealised foreign exchange loss	461	—
<b>Operating profit before working capital changes</b>	<b>2,901</b>	<b>3,513</b>
<b>Changes in working capital</b>		
— Inventories	(105)	(124)
— Trade and other receivables and prepayments	313	(1,976)
— Trade and other payables including provisions	451	2,726
— Deferred revenue	(49)	272
Cash generated from operations	3,511	4,411
Income tax paid	(491)	(378)
<b>Net cash generated from operating activities</b>	<b>3,020</b>	<b>4,033</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(148)	(210)
Interest received	75	10
<b>Net cash used in investing activities</b>	<b>(73)</b>	<b>(200)</b>



## Condensed Consolidated Statement of Cash Flows (Continued)

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
<b>Cash flow from financing activities</b>		
Principal elements of lease payment	(646)	(776)
Interest paid	(62)	(28)
Repayment of borrowings	(40)	(1,039)
Listing expenses	—	(296)
<b>Net cash used in financing activities</b>	<b>(748)</b>	<b>(2,139)</b>
Net increase in cash and cash equivalents	<b>2,199</b>	<b>1,694</b>
<b>Cash and cash equivalents</b>		
Beginning of reporting period	<b>21,554</b>	4,263
Net effect of exchange rate changes in consolidating subsidiaries	<b>(461)</b>	(11)
End of Reviewed Period	<b>23,292</b>	5,946



# 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.

The 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. The condensed consolidated interim financial statements has been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The 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 Group’s consolidated financial statements for the year ended 31 March 2020, which have been prepared in accordance with International Financial Reporting Standards issued by the IASB, as set out in the annual report for the year ended 31 March 2020 (the “2020 Annual Report”). Some of the comparative financial information has been reclassified for better comparability purposes.

## 3 PRINCIPAL ACCOUNTING POLICIES

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 consolidated financial statements for the year ended 31 March 2020.





# 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 the 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 2020 as disclosed in the 2020 Annual Report.

## 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 2020.

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, 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 the 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	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
<b>Revenue</b>		
Singapore	5,844	4,719
Malaysia	4,200	5,395
Indonesia	574	1,658
USA	69	224
Others	101	12
	<b>10,788</b>	<b>12,008</b>



# Notes to the Condensed Consolidated Financial Statements

## 6 SEGMENT INFORMATION (Continued)

	30 September 2020 S\$'000 (unaudited)	31 March 2020 S\$'000 (audited)
<i>Non-current assets</i>		
Property, plant and equipment		
Singapore	4,953	4,644
Malaysia	647	894
	5,600	5,538

## 7 OTHER INCOME

	Six months ended 30 September	
	2020 S\$'000 (unaudited)	2019 S\$'000 (unaudited)
Government grants	906	7
Operating fee income	33	43
Others	120	107
	1,059	157



# Notes to the Condensed Consolidated Financial Statements

## 8 FINANCE INCOME/(COST) — NET

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Interest income	75	10
Interest expense	(62)	(63)
	<u>13</u>	<u>(53)</u>

## 9 INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Current tax		
Singapore profits tax	324	476
Malaysia profits tax	118	166
	<u>442</u>	<u>642</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 24%.

## 10 PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Total employee benefit costs and Directors' remuneration		
Wages, salaries and allowances	2,711	2,010
Retirement benefit costs — defined contribution plans	217	138
Depreciation of property, plant and equipment	779	862



# Notes to the Condensed Consolidated Financial Statements

## 11 DIVIDENDS

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Dividend declared during the period	—	1,000

## 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 2020 and 2019. 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 2019.

	Six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company (S\$'000)	<b>1,228</b>	1,948
Weighted average number of ordinary shares in issue	<b>800,000,000</b>	600,000,000
Basic and diluted earnings per share (S\$ cents per share)	<b>0.15</b>	0.32

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 2020 and 2019.



# Notes to the Condensed Consolidated Financial Statements

## 13 MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the Reviewed Period, the Group acquired furniture and fittings, kitchen equipment, office equipment, and renovation works of approximately S\$6 thousands (30 September 2019: S\$5 thousands), S\$31 thousands (30 September 2019: S\$7 thousands), S\$30 thousands (30 September 2019: S\$13 thousands) and S\$85 thousands (30 September 2019: S\$192 thousands). The right of use asset capitalised under IFRS 16 approximates to S\$5.8 million (31 March 2020: S\$5.1 million).

## 14 INVENTORIES

Inventories comprise fast moving consumables items. The cost of inventories included in cost of sales amounted to S\$3,868 thousands and S\$4,370 thousands, for the periods ended 30 September 2020 and 2019, respectively.

## 15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
Trade receivables	368	389
Other receivables	3,908	4,200
	<hr/>	<hr/>
Trade and other receivables	4,276	4,589
	<hr/>	<hr/>

The ageing analysis of trade receivables based on the invoice date at the end of the reporting period is as follows:

Current to 30 days	91	153
31 to 60 days	30	122
61 to 90 days	21	84
over 90 days	226	30
	<hr/>	<hr/>
	368	389
	<hr/>	<hr/>





# Notes to the Condensed Consolidated Financial Statements

## 16 CASH AND CASH EQUIVALENTS

	As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
Cash at banks	23,288	21,541
Cash on hand	4	13
	<b>23,292</b>	<b>21,554</b>

## 17 TRADE AND OTHER PAYABLES

	As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
Trade payables	574	333
Other payables and accruals	1,549	1,340
	<b>2,123</b>	<b>1,673</b>

The ageing analysis of trade payables based on the invoice date at the end of the reporting period is as follows:

Current to 30 days	455	236
31 to 60 days	52	88
over 60 days	67	9
	<b>574</b>	<b>333</b>



# Notes to the Condensed Consolidated Financial Statements

## 18 BORROWINGS

	As at 30 September 2020 S\$'000 (unaudited)	As at 31 March 2020 S\$'000 (audited)
<b>Current</b>		
Bank borrowings	130	81
<b>Non-current</b>		
Bank borrowings	2,274	2,363
 The weighed average effective interest rate of the borrowings per annum is:	 1.6%	 1.6%
 The Group's bank borrowings are repayable as follows:		
Within 1 year	130	81
Over 1 year to 2 years	130	78
Over 2 years to 5 years	389	248
Over 5 years	1,755	2,037
	<b>2,404</b>	<b>2,444</b>

As at 30 September 2020, all of the Group's borrowings are secured by properties of the Group with carrying value of approximately S\$3,215 thousands.



# Notes to the Condensed Consolidated Financial Statements

## 19 SIGNIFICANT RELATED PARTY TRANSACTIONS

### Significant related party transaction and balances

There are no significant related party transactions during the Reviewed Period (30 September 2019: Nil) and there are no significant related party balances as at 30 September 2020 (31 March 2020: Nil), other than key management compensation shown below:

### Key management compensation

Key management includes Executive Directors and Senior Management personnel. The compensation paid or payable to key management for employee services is shown below:

	Six months ended	
	30 September	
	2020	2019
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Salaries and other short-term employee benefits	977	319

