



ST GROUP

ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 201801590R)

PLACEMENT OF 30,077,000 PLACEMENT SHARES IN THE CAPITAL OF ST GROUP FOOD INDUSTRIES HOLDINGS LIMITED (THE “PLACEMENT SHARES”) AT S\$0.26 EACH, PAYABLE IN FULL ON APPLICATION

Prior to making a decision to purchase the Placement Shares, you should carefully consider all the information contained in the Offer Document dated 26 June 2019 issued by ST Group Food Industries Holdings Limited in respect of the Placement (the “Offer Document”). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. You should also consider whether an investment in the Placement Shares is suitable for you taking into account your investment objectives and risk appetite. If you are in doubt as to investing in the Placement Shares, you should consult your legal, financial, tax or other professional adviser. You are responsible for your own investment choices.

This Product Highlights Sheet¹ is an important document.

- It highlights the key information and risks relating to the offer of the Placement Shares contained in the Offer Document. It complements the Offer Document².
- You should **not** subscribe for the Placement Shares if you do not understand the nature of an investment in the ordinary shares of a company, our business or are not comfortable with the accompanying risks.
- If you wish to subscribe for the Placement Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.

Company	ST Group Food Industries Holdings Limited	Place of incorporation	Singapore
Details of this Placement	30,077,000 Placement Shares	Total amount to be raised in this Placement	Gross proceeds of approximately S\$9.6 million and net proceeds of approximately S\$6.2 million
Placement Price	S\$0.26 for each Placement Share	Listing status of Issuer and the Securities	An application has been made to the SGX-ST for permission for the listing and quotation of all our existing issued Shares, the Placement Shares, the Cornerstone Shares and the Award Shares on Catalist. The Shares are expected to be listed on 3 July 2019.
Issue Manager and Sponsor	United Overseas Bank Limited	Placement Agent	United Overseas Bank Limited

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Product Highlights Sheet shall be read in conjunction with the Offer Document.

The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for any securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

² The Offer Document, registered by the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore on 26 June 2019, may be obtained on request, subject to availability, during office hours from United Overseas Bank Limited at 80 Raffles Place, #03-03, UOB Plaza 1, Singapore 048624, or accessible at the SGX-ST website: <http://www.sgx.com>.

OVERVIEW

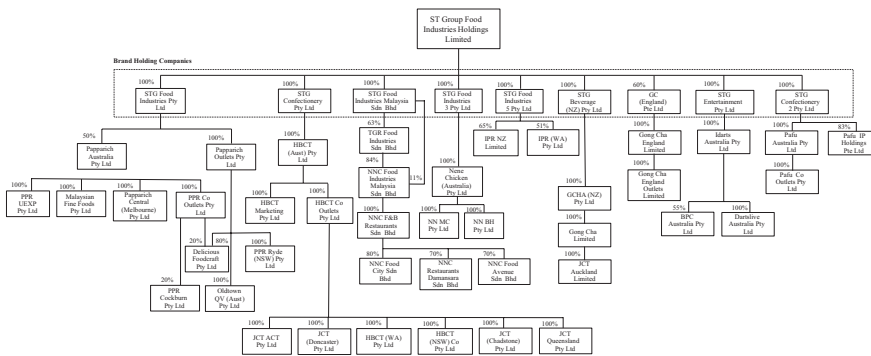
WHO ARE WE AND WHAT DO WE DO?

Our Group

Our Company was incorporated in Singapore on 11 January 2018 under the Companies Act as a private company limited by shares, under the name of “ST Group Food Industries Holdings Pte. Ltd.”. On 10 June 2019, our Company was converted into a public company limited by shares and our name was changed to “ST Group Food Industries Holdings Limited”.

We are an established F&B group headquartered in Australia. As at the Latest Practicable Date, we own exclusive franchise and licence rights to six (6) internationally popular F&B brands or concepts in various territories in Australia, New Zealand, Malaysia and England, United Kingdom (as the case may be). We have also developed our own brand concepts, “PAFU” and “KURIMU”.

The structure of our Group is summarised below:



We have four (4) main business segments:

- F&B retail sales:** We own and operate the outlets under brands such as “PappaRich”, “NeNe Chicken”, “Hokkaido Baked Cheese Tart”, “Gong Cha”, “IPPUDO”, “PAFU” and “KURIMU”.
- Sub-franchising and sub-licensing of various brands:** We enter into sub-franchise and sub-licence arrangements with third parties in respect of such brands to operate in specific locations.
- Sale of F&B ingredients and other supplies to our franchise network through our Central Kitchen:** Our Central Kitchen is located in Melbourne, Australia and it supports the operations of our franchise network through central procurement, processing and preparation of certain food ingredients and products, which are supplied to outlets in Australia and New Zealand operated by our Group and our sub-franchisees.
- Sub-franchising of the “iDarts” brand:** We receive machine income from the electronic dart machines installed at sub-franchised “iDarts” outlets.

Further Information

Refer to the section entitled “General Information on our Group – History” on pages 154 to 156 of the Offer Document for more information on our history and the sections entitled “General Information on our Group – Business Overview” on pages 157 to 158 and “General Information on our Group – Principal Activities” on pages 158 to 171 of the Offer Document for more information on our background and business.

PRODUCT HIGHLIGHTS SHEET

As at the Latest Practicable Date, our network of outlets includes 38 outlets which are owned and operated by our Group and 63 outlets which are owned and operated by our sub-franchisees and sub-licensees.

Brand	Description/ Specialty	Territories of Exclusive Franchise/ Licensing Rights	Number of Outlets as at the Latest Practicable Date	
			Owned	Sub- Franchised/ Sub-Licensed
PappaRich	Casual dine-in restaurants and kiosks serving Malaysian cuisine	Australia	6	23
		New Zealand	–	3
NeNe Chicken	Casual dine-in restaurants and kiosks serving Korean fried chicken	Australia	2	15
		Malaysia	5	3
Hokkaido Baked Cheese Tart	Kiosks serving Hokkaido-style baked cheese tarts	Australia	10	7
		New Zealand	1	–
Gong Cha	Kiosks serving Taiwanese-style tea, coffee and juices	New Zealand	6	3
		England, United Kingdom	– ⁽¹⁾	–
IPPUDO	Casual dine- in restaurants specialising in Japanese ramen	Western Australia	2	–
		Queensland, Australia	–	–
		New Zealand	–	–
iDarts	Bars with electronic dart machines	Australia	–	5
PAFU	Kiosks serving fruit puff pastries	Group-owned brand with outlets in Australia	6	4
KURIMU	Kiosks serving cream choux pastries	Group-owned brand with outlets in Australia	–	–
		Total	38	63

Note:

(1) Our first “Gong Cha” outlet in England, United Kingdom was opened in June 2019.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Board of Directors comprise:

- (a) Mr. Saw Tatt Ghee (Executive Chairman and Chief Executive Officer)
- (b) Ms. Saw Lee Ping (Executive Director and Chief Administrative Officer)
- (c) Mr. Chan Wee Kiang (Lead Independent Director)
- (d) Mr. Peter Sim Swee Yam (Independent Director)
- (e) Mr. Yap Zhi Chau (Independent Director)

Our Executive Officers are:

- (a) Ms. Chin Poh Yeen (Financial Controller)
- (b) Mr. Leong Weng Yu (Central Kitchen Production Manager)
- (c) Mr. Ng Yee Siang (Operations Manager)
- (d) Mr. Pang Kher Chink (Operations Manager)
- (e) Mr. Tan Tee Ooi (Operations Manager)

Refer to the sections entitled “Directors, Executive Officers and Employees – Directors” and “Directors, Executive Officers and Employees – Executive Officers” on pages 239 to 241 and pages 241 to 243 respectively of the Offer Document for more information on our Directors and Executive Officers.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

As at the Latest Practicable Date:

- (a) Prior to the Placement and the issue of the Cornerstone Shares, Mr. Saw Tatt Ghee has a direct interest in 1.56% and an indirect interest in 36.01% of our Company's total issued share capital. He is expected to have a direct interest in 1.32% and an indirect interest in 30.60% of our Company's total issued share capital after the Placement and the issue of the Cornerstone Shares and will remain as a Controlling Shareholder.
- (b) Prior to the Placement and the issue of the Cornerstone Shares, STG Investments Pty Ltd has a direct interest in 27.64% and an indirect interest in 8.37% of our Company's total issued share capital. It is expected to have a direct interest in 23.49% and an indirect interest in 7.11% of our Company's total issued share capital after the Placement and the issue of the Cornerstone Shares and will remain as a Controlling Shareholder.

Refer to the section entitled "Shareholders – Ownership Structure" on pages 74 to 77 of the Offer Document for more information on our Controlling Shareholders.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key profit and loss information

(A\$'000)	Audited			Unaudited	
	FY2016	FY2017	FY2018	HY2018	HY2019
Revenue	24,204	30,314	36,479	18,251	24,951
Profit before tax	3,152	5,124	5,525	3,083	3,895
Profit for the year/ period	2,122	3,546	3,918	2,184	2,768
Profit attributable to equity holders of the Company	1,034	2,312	2,728	1,608	1,912
EPS immediately before the Placement and the issue of the Cornerstone Shares (A\$ cents) ⁽¹⁾	0.49	1.11	1.31	0.77	0.91
EPS immediately before the Placement and the issue of the Cornerstone Shares (S\$ cents) ⁽¹⁾⁽³⁾	0.50	1.16	1.35	0.81	0.90
EPS immediately after the Placement and the issue of the Cornerstone Shares (A\$ cents) ⁽²⁾	0.42	0.94	1.11	0.65	0.78
EPS immediately after the Placement and the issue of the Cornerstone Shares (S\$ cents) ⁽²⁾⁽³⁾	0.42	0.99	1.15	0.69	0.77

Please refer to the sections entitled "Offer Document Summary – Financial Highlights" on pages 31 to 33, "Selected Financial Information" on pages 110 to 113, "Selected Pro Forma Financial Information" on pages 114 to 118 and "Management's Discussion and Analysis of Results of Operations and Financial Position" on pages 119 to 153 of the Offer Document for more information on our financial position and financial performance.

(A\$'000)	Unaudited pro forma combined statements of comprehensive income ³	
	FY2018	HY2019
Revenue	35,349	24,951
Profit before tax	5,318	3,895
Profit for the year/period	3,768	2,768
Profit attributable to equity holders of the Company	2,653	1,912
EPS immediately before the Placement and the issue of the Cornerstone Shares (A\$ cents) ⁽¹⁾	1.27	0.91
EPS immediately before the Placement and the issue of the Cornerstone Shares (S\$ cents) ⁽¹⁾⁽³⁾	1.32	0.90
EPS immediately after the Placement and the issue of the Cornerstone Shares (A\$ cents) ⁽²⁾	1.08	0.78
EPS immediately after the Placement and the issue of the Cornerstone Shares (S\$ cents) ⁽²⁾⁽³⁾	1.12	0.77

Notes:

- (1) For comparative purposes, our EPS immediately before the Placement and the issue of the Cornerstone Shares for the respective financial years/periods has been computed based on the profit attributable to equity holders of the Company and our share capital immediately before the Placement and the issue of the Cornerstone Shares of 209,000,000 Shares.
- (2) For comparative purposes, our EPS immediately after the Placement and the issue of the Cornerstone Shares for the respective financial years/periods has been computed based on the profit attributable to equity holders of the Company and our share capital immediately after the Placement and the issue of the Cornerstone Shares of 246,000,000 Shares.
- (3) The exchange rates used to compute the EPS in S\$ cents, were based on the average exchange rates between A\$ and S\$ for the respective financial years/periods.

Key cash flows information

(A\$'000)	Audited			Unaudited
	FY2016	FY2017	FY2018	HY2019
Net cash generated from operating activities	3,080	5,382	5,606	4,771
Net cash used in investing activities	(1,245)	(3,634)	(4,523)	(4,711)
Net cash (used in)/generated from financing activities	(2,265)	(1,220)	4,767	(2,441)
Net (decrease)/increase in cash and cash equivalents	(430)	528	5,850	(2,381)
Cash and cash equivalents at beginning of financial year/period	1,461	1,031	1,559	7,429
Effects of foreign exchange rate changes	–	–	20	9
Cash and cash equivalents at end of financial year/period	1,031	1,559	7,429	5,057

³ The Pro Forma Financial Information has been prepared for illustrative purposes only, and is based on the assumption that the significant events set out below have taken place on (i) 1 July 2017 for the unaudited pro forma combined statements of comprehensive income and unaudited pro forma combined statements of cash flows for FY2018 and HY2019; and (ii) on 30 June 2018 and 31 December 2018 for the unaudited pro forma combined statements of financial position as at 30 June 2018 and 31 December 2018, respectively: (a) the disposal of our “PappaRich” outlet located at Monash University Clayton campus in Melbourne, Australia to an unrelated third party for a cash consideration of A\$1.0 million in May 2018; and (b) the declaration and payment of dividends by our subsidiaries, which amounted to approximately A\$590,000 in HY2019 and approximately A\$830,000 subsequent to HY2019.

Key information on the financial position of our Group

(A\$'000)	Audited	Unaudited		
	As at 30 June 2018	Pro Forma as at 30 June 2018	As at 31 December 2018	Pro Forma as at 31 December 2018
Current assets	13,582	11,955	11,767	10,937
Non-current assets	14,303	14,303	20,713	20,713
Current liabilities	12,345	12,288	11,895	11,895
Non-current liabilities	3,354	3,354	4,746	4,747
Total equity	12,186	10,616	15,839	15,009
Total equity attributable to equity holders of the Company	10,124	9,039	13,281	12,501
NAV per Share (A\$ cents) ⁽¹⁾	4.84	4.32	6.35	5.98
NAV per Share (S\$ cents) ⁽¹⁾⁽²⁾	4.89	4.37	6.11	5.75

Notes:

- (1) For comparative purposes, our NAV per Share as at 30 June 2018 and 31 December 2018 has been computed based on our share capital immediately before the Placement and the issue of the Cornerstone Shares of 209,000,000 Shares.
- (2) The exchange rates used to compute the NAV per Share in S\$ cents, were based on the closing exchange rates between A\$ and S\$ as at 30 June 2018 and 31 December 2018 respectively.

The most significant factors contributing to our financial performance in FY2017 as compared to FY2016 are as follows:

- Revenue increased by A\$6.1 million or 25.2%, from A\$24.2 million in FY2016 to A\$30.3 million in FY2017, mainly due to (a) an increase in revenue from F&B Retail Sales of approximately A\$5.7 million due to the increase in revenue from our “PappaRich” and “Gong Cha” outlets, and our launch of the “Hokkaido Baked Cheese Tart” brand in Australia, partially offset by a decrease in revenue from our “NeNe Chicken” outlets; and (b) increase in revenue from Supply Chain Sales of approximately A\$1.1 million due to the opening of 11 new sub-franchised outlets, offset by a decrease in Franchise Revenue of approximately A\$0.6 million due to a decrease in project income.
- Purchases of inventories increased by A\$0.9 million or 11.6%, from A\$8.0 million in FY2016 to A\$8.9 million in FY2017, in line with the increase in revenue from F&B Retail Sales and Supply Chain Sales.
- Franchise restaurants and stores related establishment costs decreased by approximately A\$0.7 million or 30.0%, from approximately A\$2.3 million in FY2016 to approximately A\$1.6 million in FY2017, in line with the decrease in project income in relation to fitting-out of sub-franchised outlets.
- Rental on operating leases increased by approximately A\$0.5 million or 30.1%, from approximately A\$1.9 million in FY2016 to A\$2.4 million in FY2017, in line with the opening of new outlets operated by our Group in FY2017 and annual rental escalations.
- Staff costs increased by approximately A\$1.4 million or 19.6%, from approximately A\$7.1 million in FY2016 to approximately A\$8.5 million in FY2017, due mainly to an increase in salaries and statutory provisions such as superannuation.
- Profit before tax increased by approximately A\$1.9 million or 62.6%, from A\$3.2 million in FY2016 to A\$5.1 million in FY2017 and our profit after tax increased by A\$1.4 million or 67.1%, from A\$2.1 million in FY2016 to A\$3.5 million in FY2017.

The most significant factors contributing to our financial performance in FY2018 as compared to FY2017 are as follows:

- Revenue increased by approximately A\$6.2 million or 20.3%, from approximately A\$30.3 million in FY2017 to A\$36.5 million in FY2018, due mainly to (a) an increase in revenue from F&B Retail Sales of approximately A\$6.6 million due to the increase in revenue from our “PappaRich”, “Hokkaido Baked Cheese Tart” and “Gong Cha” outlets, the launch of our “IPPUDO” and “PAFU” brands in Australia, and the launch of “NeNe Chicken” outlets in Malaysia; and (b) increase in Franchise Revenue of approximately A\$0.2 million or 5.4%, due mainly to an increase in franchise fees and royalty income from an increase of 10 sub-franchised outlets, offset by a decrease in Supply Chain Sales of approximately A\$0.6 million.
- Purchases of inventories increased by A\$1.1 million or 12.2%, from A\$8.9 million in FY2017 to A\$10.0 million in FY2018, in line with the increase in revenue from F&B Retail Sales.
- Franchise restaurants and stores related establishment costs decreased by approximately A\$0.6 million or 34.8%, from A\$1.6 million in FY2017 to A\$1.0 million in FY2018, in line with the decrease in project income in relation to fitting-out of sub-franchised outlets.
- Rental on operating leases increased by A\$1.5 million or 57.5%, from A\$2.4 million in FY2017 to A\$3.9 million in FY2018, in line with the opening of new outlets operated by our Group in FY2018 and annual rental escalations.
- Staff costs increased by A\$2.7 million or 31.2%, from A\$8.5 million in FY2017 to A\$11.2 million in FY2018, due mainly to an increase in salaries and statutory provisions such as superannuation.
- Our profit before tax increased by A\$0.4 million or 7.8%, from A\$5.1 million in FY2017 to A\$5.5 million in FY2018, and our profit after tax increased by A\$0.4 million or 10.5%, from A\$3.5 million in FY2017 to A\$3.9 million in FY2018.

The most significant factors contributing to our financial performance in HY2019 as compared to HY2018 are as follows:

- Revenue increased by approximately A\$6.7 million or 36.7%, from approximately A\$18.3 million in HY2018 to A\$25.0 million in HY2019, due mainly to (a) an increase in revenue from F&B Retail Sales of approximately A\$5.9 million due to the increase in revenue from our “PappaRich”, “Gong Cha”, “IPPUDO”, “PAFU” outlets and “NeNe Chicken” outlets in Malaysia, partially offset by decrease in revenue from our “Hokkaido Baked Cheese Tart” outlets; and (b) increase in Franchise Revenue of approximately A\$0.8 million or 31.2%, due mainly to an increase of 13 sub-franchised and sub-licensed outlets in our franchise network.
- Purchases of inventories increased by A\$2.2 million or 46.2%, from A\$4.6 million in HY2018 to A\$6.8 million in HY2019, in line with the overall increase in our aggregate revenue from F&B Retail Sales and Supply Chain Sales.
- Rental on operating leases increased by A\$0.8 million or 43.4%, from A\$1.7 million in HY2018 to A\$2.5 million in HY2019, in line with the opening of new outlets operated by our Group in FY2018 and annual rental escalations.
- Staff costs increased by A\$2.6 million or 50.2%, from A\$5.1 million in HY2018 to A\$7.7 million in HY2019, due mainly to an increase in salaries and statutory provisions such as superannuation.
- Our profit before tax increased by A\$0.8 million or 26.3%, from A\$3.1 million in HY2018 to A\$3.9 million in HY2019, and our profit after tax increased by A\$0.6 million or 26.7%, from A\$2.2 million in HY2018 to A\$2.8 million in HY2019.

The above factors are not the only factors contributing to our financial performance in FY2016, FY2017, FY2018, HY2018 and HY2019. Please refer to the other factors set out in the section entitled “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 119 to 153 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

Our business strategy and future plans are as follows:

Expand our franchise network and introduce new brands and concepts:

We believe that we can leverage on our established market presence and market recognition of our portfolio of brands, the experience of our management team and network of sub-franchisees and sub-licensees to further expand our network of restaurants and kiosks in our existing key markets of Australia, New Zealand and Malaysia. We also intend to grow our brand portfolio and expand our geographical presence by identifying suitable brands and food concepts to introduce in both new and existing markets.

Acquire new equipment and machinery and expand our existing Central Kitchen and corporate office in Australia:

We intend to acquire new equipment and machinery to automate certain food production and packaging processes and increase our operational efficiency. We also intend to acquire new packaging equipment which can maintain the freshness of our ingredients for a longer period of time. In addition, we intend to expand our existing corporate office, as well as enhance corporate productivity and communication amongst the various departments within our Group through the implementation of a new enterprise resource planning system to streamline our business processes.

Establish a new central kitchen and corporate office in Malaysia:

As we expand the scale of our operations in Malaysia and enter into potential new markets in the region, we also intend to establish another central kitchen in Malaysia, which will be strategically located to perform similar functions of central procurement, processing and supply of food ingredients and products for our franchise network in the region. We also intend to establish a corporate office in Malaysia to support our business growth in Malaysia.

Please refer to the section entitled “General Information on Our Group – Business Strategies and Future Plans” on pages 217 to 219 of the Offer Document for more information on our strategies and future plans.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

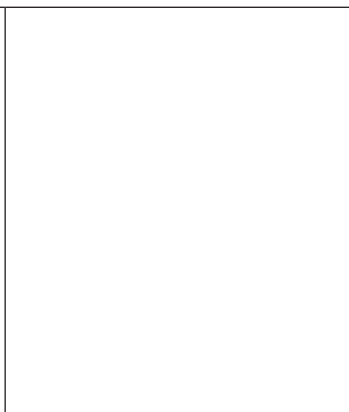
Based on the operations of our Group as at the Latest Practicable Date and barring unforeseen circumstances, our Directors observe the following trends for the next 12 months from the Latest Practicable Date:

- (a) for HY2019, revenue increased by A\$6.7 million or 36.7%, from A\$18.3 million in HY2018 to A\$25.0 million in HY2019, due mainly to an increase in F&B Retail Sales and Franchise Revenue, in line with the expansion of our franchise network. In particular, the number of Group-owned outlets and sub-franchised or sub-licensed outlets increased from 66 as at 31 December 2017, to 95 as at 31 December 2018. Our revenue growth is expected to continue the trend of HY2019, underpinned by the above;
- (b) as with other F&B businesses in the markets where we operate, we expect to face inflationary pressures and a general trend of increase in the cost of food ingredients, labour costs and rental;
- (c) as set out in the section entitled “General Information on our Group – Business Strategies and Future Plans” of the Offer Document, we intend to expand our business through expanding our franchise network and introducing new brands and concepts, acquiring new equipment and machinery and expanding our existing Central Kitchen and corporate office in Australia, as well as establishing a new central kitchen and corporate office in Malaysia. These expansion plans entail additional capital expenditures and depreciation expenses. We may also take on additional bank borrowings (if required) to finance these capital expenditures, which will result in an increase in finance costs; and

Please refer to the section entitled “General Information on our Group – Trend Information” on page 223 of the Offer Document for more information on our business and financial prospects.

(d) expenses incurred in connection with the Listing are expected to give rise to an increase in operating expenses for FY2019. In accordance with the SFRS(I), only a portion of such expenses may be capitalised, while the balance will be treated as expenses in our statement of comprehensive income. Barring the one-off impact of the abovementioned Listing expenses in FY2019, our operating expenses, including staff costs and other expenses, are expected to increase in line with the expansion of our business operations over the next 12 months.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the sections entitled “Risk Factors” on pages 38 to 64, “Management’s Discussion and Analysis of Results of Operations and Financial Position” on pages 119 to 153 and “General Information on our Group – Trend Information” on page 223 of the Offer Document.



WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks which could materially affect our financial position, results, business, operations, and your investment in our Shares:

- **We are reliant on our Master Franchisors and Licensor:** Our business is largely dependent on the continuity of our rights to the brands under our Master Franchise Agreements and our NeNe Chicken Licence Agreement. In the event our Master Franchise Agreements and/or our NeNe Chicken Licence Agreement are terminated for whatever reason, we will have to cease business of all outlets operating under the particular brand and terminate all our sub-franchise or sub-licence arrangements relating to that brand, and our business, results of operations and financial condition may be materially and adversely affected. Further, there is no assurance that our Master Franchisors and Licensor will not revise the fees currently payable by us or offer terms which are less favourable than the existing terms upon the renewal of the Master Franchise Agreements and the NeNe Chicken Licence Agreement. In the event we are required to pay substantially higher fees to our Master Franchisors or Licensor for our franchise or licence rights, our operating expenses will increase and our results of operations may be adversely affected. There is also there is no assurance that our Master Franchise Agreements and the NeNe Chicken Licence Agreement will be renewed upon their expiry.
- **We may be affected by accidents at our Central Kitchen or the outlets in our franchise and licence network:** Accidents may occur from time to time in our Central Kitchen and the outlets in our franchise and licence network, resulting in personal injury, death or losses or damage to property. In the event that we are found to have been responsible for any lapses or inadequacy in safety measures which resulted in such accidents, we may be subject to regulatory sanctions or civil law suits. Further, we may be subject to personal injury claims from our employees or other persons involved in accidents. While we maintain insurance policies for outlets which are owned and operated by our Group, we are unable to assure you that our insurance coverage will be sufficient to cover all our potential losses and/or liabilities arising from accidents in our premises. In the event that our insurance coverage is not sufficient to cover our liabilities from such accidents, our business, results of operations and financial condition may be materially and adversely affected.

On 4 December 2018, an accident occurred at a sub-licensed “NeNe Chicken” outlet in CityOne Megamall, Kuching, Sarawak, Malaysia, involving the collapse of a building structure and resulted in three (3) deaths and 41 injuries (“Sarawak Incident”). One of our employees, who was deployed to the outlet to provide pre-opening assistance, had died in the incident, and two (2) of our employees suffered injuries as a result of the incident. The outlet was under renovation and was to be operated by our sub-licensee, Borneo Landmark (M) Sdn Bhd, whom our subsidiary, NNC Food Industries Malaysia Sdn Bhd (as the sub-licensor) had granted a non-exclusive license for a term of five (5) years to operate the “NeNe Chicken” outlet at CityOne Megamall, Kuching, Sarawak Malaysia. The incident report issued by the Fire and Rescue Department of Malaysia had not assigned any blame to our Group or Borneo Landmark (M) Sdn Bhd in relation to the Sarawak Incident, and as far as we are aware, there has been no findings from any authorities in Malaysia which has assigned any blame to our Group or Borneo Landmark (M) Sdn Bhd. Our Licensor has also confirmed that it will not be making any claim against our Group or Borneo Landmark (M) Sdn Bhd in relation to the Sarawak Incident. Whilst our Directors are of the view that the Sarawak Incident will not result in a material impact on our Group’s business, results of operations and financial condition, there can be no assurance that accidents of a similar nature, which may result in regulatory sanctions and/or civil lawsuits, will not arise in the future.

Please refer to the section entitled “Risk Factors” on pages 38 to 64 of the Offer Document for more information on risk factors.

- We are reliant on our sub-franchise and sub-licence business model:**
 We rely on our sub-franchisees and sub-licencees to expand our franchise network. As at the Latest Practicable Date, we have a total of 60 sub-franchisees in Australia and New Zealand and three (3) sub-licencees in Malaysia. Under some of our Master Franchise Agreements and the NeNe Chicken Licence Agreement, we are required to take full responsibility for our sub-franchisees and sub-licencees and indemnify our Master Franchisors and Licensor for any breaches or damages caused by our sub-franchisees' and sub-licencees' operations. In the event of a default or breach by a sub-franchisee or sub-licencee, we may have to terminate that particular sub-franchise or sub-licence arrangement and compensate our Master Franchisor or Licensor for any damages, and our business, results of operations and financial condition may be adversely affected. In addition, the continued success of our network of sub-franchisees and sub-licencees is dependent on the quality and ability of sub-franchisees and sub-licencees, their financial strength and ability to penetrate the respective local markets and our ability to continue to recruit new sub-franchisees or sub-licencees. If any of our sub-franchise or sub-licence arrangements are terminated or not renewed at the end of the contract term due to unfavourable business conditions and/or other factors beyond our control, the loss of our sub-franchisees and/or sub-licencees will in turn result in a decrease in our revenue.
- If the reputation of any of the brands in our portfolio is harmed in any territory, our business may be materially and adversely affected:**
 Consumers' strong recognition of the brands is critical to our continued success and growth. If brand image deteriorates or our marketing and other activities are less effective than expected, our business, results of operations and financial condition may be materially and adversely affected. Any factors which are detrimental to the reputation of the brands in our portfolio may reduce the level of goodwill associated with the brand in the territories which we operate in and adversely affect our business, results of operations and financial condition.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Please refer to the section entitled "Risk Factors" on pages 38 to 64 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As of the date of the Offer Document, the total issued and paid-up share capital of our Company is the aggregate of S\$0.4 million and A\$47.2 million comprising 209,000,000 Shares. We have only one (1) class of shares, being ordinary shares, and the Placement Shares will have the same rights as our other existing issued and paid-up Shares, including voting rights. Subject to the Constitution, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by the Company and any distribution of assets upon liquidation of the Company. There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules of the SGX-ST or the Constitution and save as disclosed in the section entitled "Shareholders – Moratorium" on pages 81 to 86 of the Offer Document.

Please refer to the sections entitled "Share Capital" on pages 70 to 73 and "Appendix E – Description of our Shares" of the Offer Document, for more information on the Placement Shares.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

The estimated net proceeds to be raised by our Company from the Placement and the issue of the Cornerstone Shares, after deducting the estimated expenses of approximately S\$3.4 million, will be approximately S\$6.2 million. We intend to utilise our gross proceeds from the Placement and the issue of the Cornerstone Shares primarily as follows:

- Approximately S\$4.0 million to expand our franchise network and introduce new brands and concepts;
- Approximately S\$1.0 million to acquire new equipment and machinery and expand our existing Central Kitchen and corporate office in Australia;
- Approximately S\$0.6 million to establish a new central kitchen and corporate office in Malaysia;
- Approximately S\$0.6 million for general working capital purposes; and
- Approximately S\$3.4 million for payment of placement commissions, fees and expenses arising from the Placement and the Listing.

Please refer to the section entitled “Use of Proceeds and Listing Expenses” on pages 65 to 66 of the Offer Document for more information on our use of proceeds.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

Our Company was incorporated on 11 January 2018 and has not distributed any cash dividend on our Shares since incorporation. Subject to our Constitution and in accordance with the Companies Act, our Company may declare an annual dividend subject to the approval of our Shareholders in a general meeting but no dividend or distribution shall be declared in excess of the amount recommended by our Directors. Subject to our Constitution and in accordance with the Companies Act, our Directors may also from time to time declare an interim dividend without the approval of our Shareholders. Our Company may pay all dividends out of our profits. The form, frequency and amount of future dividends on our Shares will depend on our actual and projected financial performance, level of our cash and retained earnings, our projected capital expenditure and other investment plans, our working capital requirements and general financing condition, the terms of our borrowing arrangements (if any), plans for expansion and other factors which our Directors may deem appropriate.

Please refer to the section entitled “Dividend Policy” on pages 67 to 69 of the Offer Document for more information on our dividend policy.

DEFINITIONS

Companies within our Group

“Company”	:	ST Group Food Industries Holdings Limited
“Group”	:	Our Company and our subsidiaries

General

“Award Shares”	:	The new Shares which may be allotted and issued from time to time pursuant to the vesting of the Awards pursuant to the ST Group Performance Share Plan
“Controlling Shareholder”	:	As defined in the Catalist Rules: (a) person who holds directly or indirectly 15.0% or more of the nominal amount of all the voting shares in our Company (unless otherwise determined by the SGX-ST); or (b) a person who in fact exercises control over our Company
“Cornerstone Shares”	:	The aggregate of 6,923,000 Shares to be subscribed for by Chikaranomoto Global Holdings Pte. Ltd. and Hyein Foods Co., Ltd. pursuant to the Cornerstone Subscription Agreements
“EPS”	:	Earnings per Share
“Latest Practicable Date”	:	31 May 2019, being the latest practicable date for the purposes of lodgement of the Offer Document with the SGX-ST, acting as agent on behalf of the Monetary Authority of Singapore

<i>“Licensor”</i>	:	Hyein Foods Co., Ltd., the licensor under the NeNe Chicken Licence Agreement in respect of the “NeNe Chicken” brand in Malaysia
<i>“Master Franchise Agreements”</i>	:	The PappaRich Master Franchise Agreement, the NeNe Chicken (AUS) Master Franchise Agreement, the HBCT Master Franchise Agreements, the Gong Cha Master Franchise Agreements, the IPPUDO Master Franchise Agreements and the iDarts Master Franchise Agreement
<i>“Master Franchisors”</i>	:	(a) Roti Roti International Sdn Bhd, the master franchisor under the PappaRich Master Franchise Agreement in respect of the “PappaRich” brand in Australia and New Zealand; (b) Hyein Foods Co., Ltd., the master franchisor under the NeNe Chicken (AUS) Master Franchise Agreement in respect of the “NeNe Chicken” brand in Australia; (c) Secret Recipe International Pte. Ltd., the master franchisor under the HBCT Master Franchise Agreements in respect of the “Hokkaido Baked Cheese Tart” brand in Australia and New Zealand; (d) Royal Tea Taiwan Co., Ltd., the master franchisor under the Gong Cha Master Franchise Agreements in respect of the “Gong Cha” brand in New Zealand and England, United Kingdom; (e) Chikaranomoto Holdings Co., Ltd., the master franchisor under the IPPUDO Master Franchise Agreements in respect of the “IPPUDO” brand in Western Australia, Queensland, Australia, and New Zealand; and (f) iDarts Group Limited (which was amalgamated with Dartslive Asia Limited on 1 April 2017 pursuant to Section 680/681 of the Companies Ordinance (Cap. 622) of Hong Kong), the master franchisor under the iDarts Master Franchise Agreement in respect of the “iDarts” brand in Australia
<i>“NeNe Chicken Licence Agreement”</i>	:	The licence agreement dated 19 June 2017 between Hyein Foods Co., Ltd. and NNC Food Industries Malaysia Sdn Bhd in respect of licence rights to operate chicken specialty stores or restaurants under the “NeNe Chicken” brand in Malaysia, as amended, modified or supplemented from time to time
<i>“Placement Shares”</i>	:	The 30,077,000 new Shares which are the subject of the Placement
<i>“SGX-ST”</i>	:	The Singapore Exchange Securities Trading Limited
<i>“Share(s)”</i>	:	Ordinary share(s) in the capital of our Company

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

The Issuer	:	ST Group Food Industries Holdings Limited
Registered Office	:	50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623
Telephone No./Facsimile No.	:	+65 6536 5355/+65 6536 1360
Internet address	:	www.stgroup.net.au (Information contained on our website does not constitute part of the Offer Document)
Email address	:	info@stgroup.net.au
Issue Manager and Sponsor	:	United Overseas Bank Limited
Address	:	80 Raffles Place, #03-03, UOB Plaza 1, Singapore 048624
Telephone No.	:	+65 6533 9898