AFC GROUP HOLDINGS LIMITED
(Listed on the NZAX: AFC)
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Preliminary Announcement of AFC Group Holdings Limited

Financial Results

The financial statements of AFC Group Holdings Limited ("AFC Group") are still in the process of being audited for the year ended 31 March 2020. The Company reports an unaudited net loss attributable to shareholders of $1,170,553 for the year. This compares with a net loss attributable to shareholders of $980,148 for the previous year. The decline in profit was mainly caused by the loss of sales in China during the Chinese New Year COVID-19 lockdown, and an increase in the provision of inventory. The net assets were NZ$2.56 million, Cash and cash equivalent products were NZ$ 0.2 million, and fixed asset was NZ$2.39 million. The annual sales revenue for the year ended 31 March 2020 was NZ$1.24 million. The market capitalisation value was NZ$3.66 million.

Please refer to the attached unaudited annual results announcement for the detailed results.

Outlook

In the 2021 financial year AFC aware of how uncertain of the future is. The world is facing a very unpredictable short-term future. AFC plans to continue with its strategy to become a connection bridge between New Zealand and

China. To deliver on this strategy, AFC has developed a list of actions to enable revenue growth and return value to our shareholders:

1. AFC implemented a new Livestreaming selling strategy in China.
2. AFC has renegotiated with the Landlord to have a 25% reduction in rent for three months.
3. AFC has started the restructure process to cut costs.
4. All directors of AFC will continue to take a 30% reduction in remuneration.

On behalf of the Directors of AFC, the Company extends its thanks to the shareholders for their support of the Company.

Annual Report and Annual Meeting

AFC expect to release our Annual Report before the end of August, and we are planning to hold our Annual Meeting in early October 2020.

On behalf of the Board of Directors

Hao Long
Director
29/06/2020

For Further Information
Please contact Mr Howard Long
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Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of issuer	AFC Group Holdings Limited	
Reporting Period	12 months to 31 March 2020	
Previous Reporting Period	12 months to 31 March 2019	
Currency	NZD	
	Amount (000s)	**Percentage change**
Revenue from continuing operations	$1,235	(53%)
Total Revenue	$1,235	(53%)
Net profit/(loss) from continuing operations	($1,171)	19%
Total net profit/(loss)	($1,171)	19%
Interim/Final Dividend		
Amount per Quoted Equity Security	It is not proposed to pay any dividends for the year ended 31 March 2020	
Imputed amount per Quoted Equity Security	Not Applicable	
Record Date	Not Applicable	
Dividend Payment Date	Not Applicable	
	Current period	**Prior comparable period**
Net tangible assets per Quoted Equity Security	0.07 cents	0.10 cents
A brief explanation of any of the figures above necessary to enable the figures to be understood	This results announcement should be read in conjunction with the unaudited consolidated financial statements for the year ended 31 March 2020.	
Authority for this announcement		
Name of person authorised to make this announcement	Hao Long	
Contact person for this announcement	Hao Long, Director	
Contact phone number	+64 9 9300 245	
Contact email address	Howard.long@afcnz.com	
Date of release through MAP	29/06/2020	

Unaudited financial statements for the year ended 31 March 2020 accompany this announcement.

PRELIMINARY ANNUAL REPORT ANNOUNCEMENT
For Full Year Ended 31 March 2020
(referred to in this report as the "current year")

1.1 Preliminary annual report on results for the year ended 31 March 2020 (including the results for the previous corresponding year).

3.1 The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities.
The financial statements also comply with International Financial Reporting Standards ("IFRS").

The Listed Issuer (AFC Group Holdings Limited) has a formally constituted Audit Committee of the Board of Directors.

2 (a) **Statement of financial performance**
Please refer to the key financial reports derived from the unaudited financial statements.

2 (b) **Statement of financial position**
Please refer to the key financial reports derived from the unaudited financial statements.

2 (c) **Statement of cash flows**
Please refer to the key financial reports derived from the unaudited financial statements.

2 (d) **Dividends or distribution payments**
Not declared or proposed to pay any dividends or distribution payment for the year ended 31 March 2020.

2 (e) **Statement of movements in equity**
Please refer to the key financial reports derived from the unaudited financial statements.

2 (f) **Net tangible assets per security**

	March 2020	March 2019
Net tangible assets per ordinary security **(NZ$)**	$0.0007	$0.0010

2 (g) **Commentary on the results of the period**
Please refer to the announcement.

Details of basic EPS

	March 2020	March 2019
	NZ cents	**NZ cents**
Basic EPS (Normalised) - Non-GAAP (see explanatory notes attached)	-0.00032	-0.00027
Basic EPS (Reported)	-0.00032	-0.00027

Return to shareholders
Not applicable

Significant features of operating performance
Please refer to the announcement.

Segment results
Please refer to the key financial reports derived from the unaudited financial statements.

Performance trends
Please refer to the key financial reports derived from the unaudited financial statements.

Issuer's dividend policy
Not applicable

Result affected by other factors
Please refer to the key financial reports derived from the unaudited financial statements.

2 (h) **This report is based on unaudited financial statements of AFC Group Holdings Limited and subsidiaries.**
The financial statements are in the process of being audited.

3. **Critical accounting policies and changes in accounting policies**
Not applicable

4. **Audit report**
The financial statements are in the process of being audited. The audit report will be available before end of August.

Annual Meeting

(a)	To be held at	AFC Office
(b)	Date	TBA
	Time	TBA
(c)	Approximate date of availability of Annual Report	28 August 2020

If this annual report was approved by resolution of the Board of Directors, please indicate date of meeting:
October 2020

29/06/2020

CFO and Company Secretary

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

	2020 NZ$	2019 NZ$
Operating Revenue	1,234,931	2,602,043
Cost of Sales	(1,065,013)	(1,436,205)
Gross profit	169,918	1,165,838
Other Income	90,730	20,820
Expenses		
Selling and Distribution Expenses	(386,901)	(957,643)
Administration Expenses	(1,055,376)	(1,187,412)
Reversal/(Impairment loss) on trade receivables	60,004	(25,377)
Operating profit / (loss)	(1,121,625)	(983,774)
Finance Income	195	3,726
Finance Expense	(49,123)	(100)
	(48,928)	3,626
Profit / (Loss) before income tax	(1,170,553)	(980,148)
Income tax expenses	-	-
Profit / (loss) for the year	(1,170,553)	(980,148)
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	(1,170,553)	(980,148)
Profit/(loss) and Total Comprehensive Income Attributable to:		
Equity holders of the parent	(615,550)	(583,177)
Non-controlling interest	(555,003)	(396,971)
	(1,170,553)	(980,148)
Profit / (loss) per share:		
Basic earnings per share (cents per share)	(0.00032)	(0.00027)
Diluted earnings per share (cents per share)	(0.00032)	(0.00027)

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	2020 NZ$	2019 NZ$
SHAREHOLDERS EQUITY		
Issued share capital	28,679,503	28,679,503
Accumulated losses	(26,318,018)	(25,702,468)
Total Equity attributable to shareholders of the company	**2,361,485**	**2,977,035**
Non-controlling Interest	201,681	756,684
Total shareholders funds	**2,563,166**	**3,733,719**
Represented by:		
CURRENT ASSETS		
Cash and cash equivalents	197,905	240,645
Trade, other and related party receivables	456,916	969,876
Inventories	884,681	1,207,417
Prepayments and other current assets	76,563	139,348
Total current assets	**1,616,065**	**2,557,286**
NON-CURRENT ASSETS		
Property, plant and equipment	1,729,695	1,828,860
Right-of-use assets	657,066	-
Intangible assets	1,008	1,158
Total non-current assets	**2,387,769**	**1,830,018**
Total assets	**4,003,834**	**4,387,304**
CURRENT LIABILITIES		
Trade, other and related party payables	766,269	653,585
Lease liabilities	151,991	-
Total current liabilities	**918,260**	**653,585**
NON-CURRENT LIABILITIES		
Lease liabilities	522,408	-
Total non-current liabilities	522,408	-
Total liabilities	**1,440,668**	**653,585**
Net assets	**2,563,166**	**3,733,719**

AFC GROUP HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 NZ$	2019 NZ$
Cash flows from operating activities		
Cash was received from:		
Receipts from customers	1,163,544	2,955,678
Receipts from related parties	584,232	-
Interest received	195	3,726
Other receipts	90,730	20,820
Cash was applied to:		
Payments to suppliers and employees	(1,716,258)	(3,333,134)
Payments to related parties	(223,159)	(41,524)
Interest paid	(1,825)	(100)
Lease interest	(47,298)	-
Net cash outflow from operating activities	(149,839)	(394,534)
Cash flows from investing activities		
Cash was received from:		
Proceeds from disposal of property, plant and equipment	2,421	1,058
Cash was applied to:		
Purchase of property, plant and equipment	(4,179)	(25,978)
Net cash outflow from investing activities	(1,758)	(24,920)
Cash flows from financing activities		
Cash was received from:		
Received from related parties	281,825	-
Cash was applied to:		
Payments for lease liabilities principal	(136,885)	-
Net cash inflow from financing activities	144,940	-
Net increase/(decrease) in cash and cash equivalents	(6,657)	(419,454)
Foreign currency translation adjustment	(36,083)	(5,680)
Cash and cash equivalents at the beginning of the year	240,645	665,779
Cash and cash equivalents at the end of the year	197,905	240,645

AFC GROUP HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Issued Share Capital NZ$	Accumulated Losses NZ$	Equity Holders of the Parent NZ$	Non-Controlling Interests NZ$	Total NZ$
Balance as at 1 April 2018	28,679,503	(25,119,291)	3,560,212	1,153,655	4,713,867
Net loss for the year end 31.03.19	-	(583,177)	(583,177)	(396,971)	(980,148)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	(583,177)	(583,177)	(396,971)	(980,148)
Balance as at 31 March 2019	**28,679,503**	**(25,702,468)**	**2,977,035**	**756,684**	**3,733,719**
Net loss for the year ended 31.03.20	-	(615,550)	(615,550)	(555,003)	(1,170,553)
Other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	-	(615,550)	(615,550)	(555,003)	(1,170,553)
Balance as at 31 March 2020	**28,679,503**	**(26,318,018)**	**2,361,485**	**201,681**	**2,563,166**