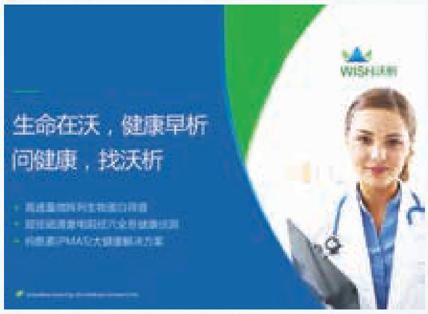
GS

GS HOLDINGS LIMITED

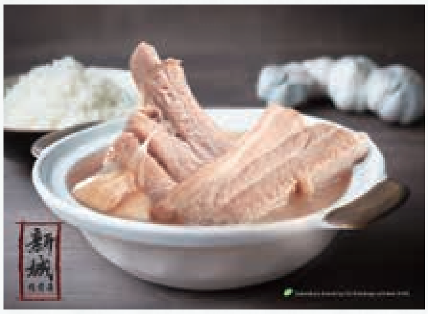
WISH 沃析



Raffles Coffee 莱富士

好口味
Hao Kou Wei

新瑞记
SING SWEE KEE



SURGING GROWTH

ANNUAL REPORT 2019

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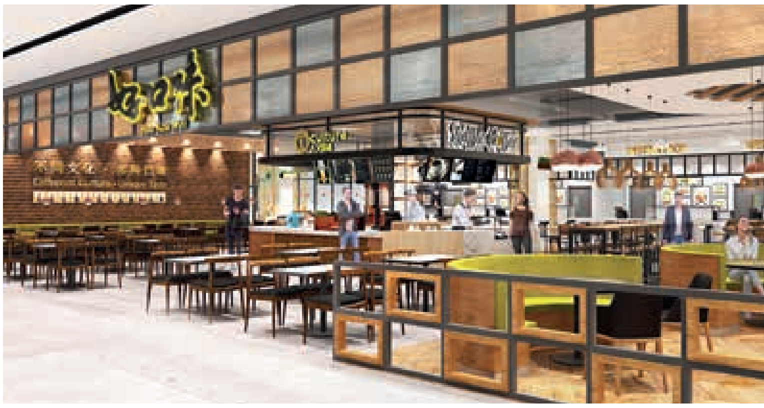
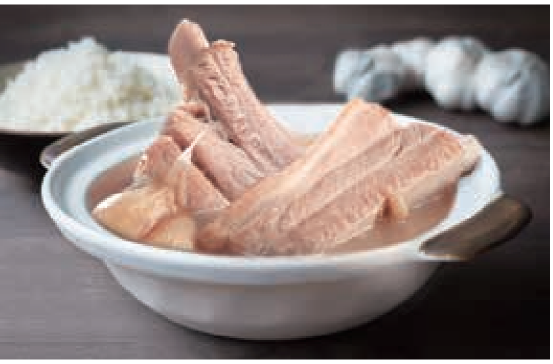
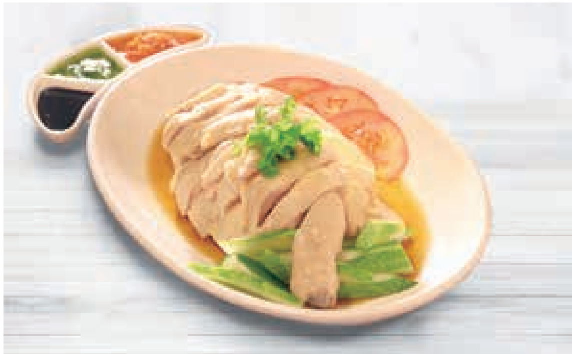
CORPORATE **PROFILE**



GS Holdings Limited ("**GS Holdings**" or the "**Company**" and together with its subsidiaries, the "**Group**"), has a diversified business model with an aim to create continuous streams of income.

GS Holdings was listed on the Catalist Board of the SGX-ST on 18 January 2016.

Initially, the Group was principally involved in the business of providing end-to-end cleaning services for Singapore's food and beverage ("**F&B**") industry with a focus on centralized commercial dishware washing services. The Group ceased its dishware washing services following the disposal of the loss-making dishware washing business which was completed in mid-January 2020.

Beginning from the 2nd quarter of 2019, the Group ventured into the following 2 new businesses with the aim of diversifying our business model and creating additional streams of income:

(1) F&B business

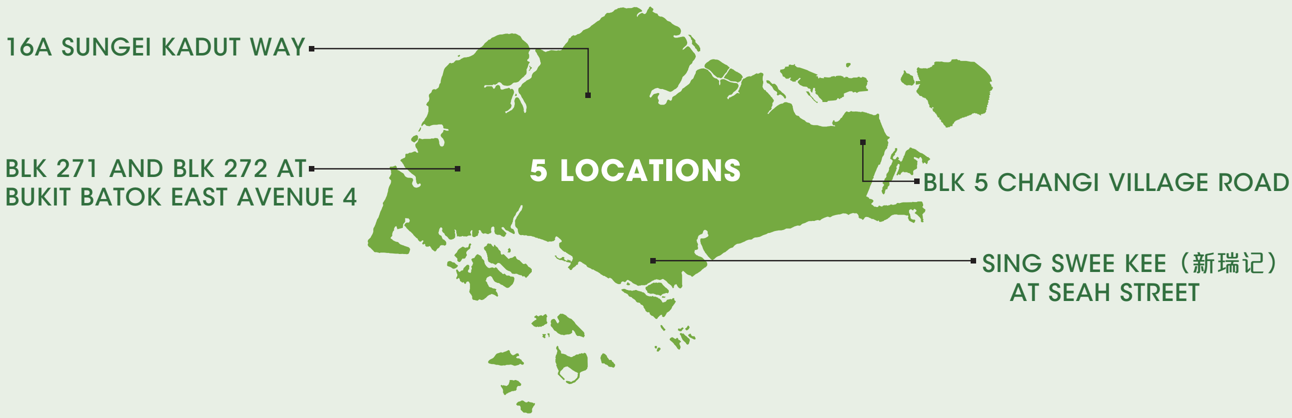
(2) Branding, Operation and Procurement Services

OUR BUSINESS

1) F&B BUSINESS

Through our wholly-owned subsidiaries, Hao Kou Wei Pte. Ltd., Rasa Sayang Village Pte. Ltd. and Sing Swee Kee Pte. Ltd. (formerly known as Chicken Supremo Pte Ltd), the Group is in the business of operating and managing food courts, coffee shops and eating houses.

Currently, the Group has 5 F&B establishments which include 3 food courts/food centres, a halal eating house located in Singapore and a famous chicken rice restaurant under the "Sing Swee Kee" brand name.



Stalls operated by Hao Kou Wei within these F&B establishments:

- Drinks
- Seafood
- Economical Rice
- Chicken rice
- Indian food
- Western food

In addition to operating F&B establishments, the Group is also involved in developing and managing new and existing F&B brands, concepts and franchises. With an experienced team in branding and franchising to spearhead new growth opportunities in Singapore and Asia, the Group has entered into a franchise agreement to launch its halal chicken rice brand, RASA CHICKEN by SING SWEE KEE, in Brunei in November 2019.

To further expand its F&B business presence, the Group has entered into a joint venture to establish Raffles Brands Pte. Ltd. ("**Raffles Brands**"), which is primarily in the business of developing, franchising and management of various F&B brands, primarily for the Chinese market.

OUR BUSINESS

2) BRANDING, OPERATION AND PROCUREMENT ("BOP") SERVICES

Through the Company's 80%-owned subsidiary, Wish Hospitality Holdings Private Limited, the Group provides branding, operation and procurement services to its clients in China, particularly to companies that are in the F&B and health-care industry.

The BOP Business entails, among others, the provision of BOP services relating to (i) branding management, (ii) operational support, (iii) central procurement, (iv) recruitment, customised training and development of human resource.

The Group will be providing the BOP services "under one roof", which offers clients a comprehensive and integrated solution to their business needs, and confers them with the following advantages:

(a) the Group, as BOP service provider, can assist clients to secure more contracts and/or to gain more customers through the branding and marketing services and referrals provided by the Group, by leveraging on the Group's extensive business network;

(b) the clients can achieve cost savings through bulk purchasing and shared business services which will be sourced and coordinated by the Group as the BOP service provider;

(c) the Group provides public relation services by assisting the client in the management of its media, roadshow and marketing matters, as well as liaising with local authorities and regulatory bodies relevant to the client's business; and

(d) the BOP services is convenient and time-efficient for the clients, as it limits the number of service providers the clients have to communicate with, as the Group will be taking the lead in coordinating all services that are to be provided to the clients.

CHAIRMAN'S **MESSAGE**

DEAR SHAREHOLDERS

On behalf of the Board of Directors of GS Holdings Limited ("**GS Holdings**" or the "**Company**" and together with its subsidiaries, the "**Group**") and my fellow Chief Executive Officer, it is my pleasure to present to you GS Holdings' Annual Report for the financial year ended 31 December 2019 ("**FY2019**").

This is also my inaugural message to shareholders as Non-Independent and Non-Executive Chairman of the Company with my appointment in January 2020 and I am delighted to report on a period of significant strategic, operational and financial progress at GS Holdings.

Over the past 12 months, it has been a transformative journey for GS Holdings as the Group expanded into new business ventures with an aim to diversify our business model and create additional streams of income.

GS Holdings started as a service provider of end-to-end cleaning services for Singapore's F&B industry with a focus on centralised commercial dishware washing services. However, the business has been loss-making since the Company's initial public offering in January 2016.

In February 2019, the Group obtained shareholders' approval to venture into the F&B business and since then, we have quickly expanded into new business ventures during FY2019 as follows:

- Acquisition of Hao Kou Wei Pte. Ltd., Rasa Sayang Village Pte. Ltd. and Sing Swee Kee Pte. Ltd. (formerly known as Chicken Supremo Pte Ltd), all of which are in the business of operating and managing food courts, coffee shops and eating houses;

- Joint venture with Ms Zhang Liying, a strategic partner, via Wish Hospitality Holdings Private Limited ("**Wish**") which is principally engaged in the procurement and management of F&B business in China, specifically in the provision of branding, operation and procurement ("**BOP**") services to F&B outlets. The Group holds 80% of the shares in Wish Hospitality.

- Joint venture with Ms Zhang Liying to establish Raffles Brands Pte. Ltd. ("**Raffles Brands**"), which is primarily in the business of developing, franchising and management of various F&B brands. The Group holds 51% of the shares in Raffles Brands.

CHAIRMAN'S **MESSAGE**

- In November 2019, signed franchise agreement to launch our halal chicken rice brand, RASA CHICKEN by Sing Swee Kee, in Brunei

Notably, Wish Hospitality has made a significant positive contribution to the Group's financial performance in FY2019 with exclusive agreements for the provision of BOP services to 14 F&B outlets, where there is an aggregate quarterly service fee of RMB50 million payable to Wish Hospitality.

As a result, the Group made a strong turnaround for FY2019 with record financial results from continuing operations as revenue surged to S$35.7 million with net profit of S$20.7 million. The Group's balance sheet also strengthened with total assets increasing to S$53.5 million and an enlarged equity base of S$20.5 million as at 31 December 2019.

BUILDING A PORTFOLIO OF CASH GENERATIVE BUSINESSES

Throughout the year, the Group has focused on longer-term strategic planning to develop new value propositions with our skillsets and experience to scale into relatively high-growth market segments with a service-centric business model.

With the encouraging progress of Wish Hospitality's business activities since it was started in April 2019, the Group has obtained shareholders' approval on 30 December 2019 to expand our business of providing BOP services and the diversification of our business relating to the provision of BOP services beyond the F&B industry. The Group is also looking to secure more BOP service contracts from outlets secured by Henan Jufeel Technology Group Co., Ltd. as well as any other parties in the coming 12 months.

Separately for our F&B business segment, the Group would continue to pursue expansion plans through the opening of more F&B outlets, development of new F&B brands, concepts and selling of franchise rights locally and overseas.

With a focus on building a portfolio of cash generative businesses, the Group obtained shareholders' approval at an Extraordinary General Meeting held on 30 December 2019 to dispose the loss-making dishwashing business. The disposal was completed in mid-January 2020.

Looking ahead, we want to accelerate organic growth in markets which we operate. With this focus as the core of our value creation, it gives us confidence for the future.

DIVIDENDS

In view of the losses incurred by the Company during the year, the Board has not recommended any dividend for FY2019. The Board may recommend interim dividends for the financial year ending 31 December 2020 ("**FY2020**") at a later date when all or a substantial amount of the outstanding BOP receivables as at 31 December 2019 has been collected by the Group and Wish has declared and paid dividends to the Company.

A NOTE OF APPRECIATION

I would like to take this opportunity to thank all my fellow Board members, management and all staff for their hard work, commitment, as well as their significant contributions to the Group. Our record performance in FY2019 would not be possible without their valuable insights, strong support and dedication.

On behalf of the Board, I would also like to express my heartfelt gratitude to our valued customers, shareholders and business partners for their unwavering support and trust.

FY2019 has been a year where we have laid the groundwork for our future and I am confident that we are ready to tackle whatever challenges lie ahead.

ZHANG RONGXUAN
Non-Independent and
Non-Executive Chairman

OPERATIONS & FINANCIAL REVIEW

FINANCIAL PERFORMANCE

(A) CONTINUING OPERATIONS

REVENUE

Revenue increased substantially by approximately S$35.7 million in FY2019, principally attributable to the service fee income from the 14 branding, operation and procurement ("**BOP**") service agreements entered into by the Company's subsidiary, Wish Hospitality Holdings Private Limited ("**Wish**"), as announced by the Company on 18 July 2019. The aforementioned 14 BOP service agreements have an aggregate quarterly service fee of RMB50 million (approximately S$10.0 million). The increase in revenue was also attributable to the revenue generated by Hao Kou Wei Pte Ltd ("**HKW**"), Rasa Sayang Village Pte. Ltd. ("**Rasa**") and Sing Swee Kee Pte Ltd ("**SSK**"), companies of which the Group acquired on 1 April 2019 and 1 July 2019 respectively.

COST OF SALES AND GROSS PROFIT/LOSS

Overall, cost of sales increased by approximately S$5.3 million was mainly due to the following factors:–

a. Increase in revenue.
b. Cost of sales incurred by HKW, SSK, Rasa and Wish from April to December 2019 amounting to S$5.2 million was included in the current financial year, of which approximately S$1.7 million and S$1.9 million were related to food and beverage ("**F&B**") cost and personnel expenses respectively.

OTHER INCOME

Overall, other income decreased by approximately S$0.3 million, mainly due to rental income amounting to S$0.43 million previously charged to HKW was eliminated at Group level in FY2019 following the completion of the acquisition of HKW by the Group on 1 April 2019, partially offset by other income received by HKW and SSK from April to December 2019 amounting to S$0.12 million.

ADMINISTRATIVE EXPENSES

Overall, administrative expenses increased by approximately S$4 million, mainly due to the following factors:–

a. Administrative expenses such as staff expenses, amortisation of intangible assets, etc. incurred by HKW, SSK, Rasa and Wish amounting to S$1.5 million from April to December 2019 were included in the current financial year.
b. Professional fees amounting to approximately S$0.6 million incurred in FY2019 in relation to the entry into convertible loan agreement, joint venture agreement, acquisitions, disposals and other corporate exercises taken by the Group in FY2019.
c. Transaction cost amounting to approximately S$1.5 million incurred in FY2019 in relation to the warrants issued to an introducer as a consideration for the introductory services in relation to the RMB68 million (or approximately S$13.6 million) convertible loan facilities obtained by the Company during the year. The value of the transaction cost was determined based on an assessment done by an independent valuer appointed by the Company using recommended methods as stipulated in the applicable accounting standards.

IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Impairment losses on financial assets relate to the allowance made for trade receivables.

FINANCE EXPENSES

Finance expenses increased by approximately S$0.36 million, mainly due to financial expenses incurred by HKW, SSK and Wish amounting to S$0.25 million from April to December 2019 were included in the current financial year.

(B) DISCONTINUED OPERATIONS

Discontinued operations relate to GreatSolutions Pte. Ltd. ("**GreatSolutions**") and its subsidiary, GS Hospitality Services Pte. Ltd.. The disposal of GreatSolutions and its subsidiary was approved by shareholders in an Extraordinary General Meeting held on 30 December 2019, and was completed on 14 January 2020.

OPERATIONS & **FINANCIAL REVIEW**

In accordance with SFRS(I) 5, Non-current Assets Held for Sale and Discontinued Operations, the results of GreatSolutions have been presented separately on the consolidated income statement as Discontinued Operations.

GreatSolutions and its subsidiary recorded loss after tax of S$2.8 million and S$3.3 million in FY2019 and FY2018 respectively. The decrease in loss was mainly due to decrease in depreciation of PPE (excluding adoption of SFRS(I) 16 Leases) and subcontractor expenses amounting to S$0.5 million and S$0.7 million respectively, offset by impairment loss on non-current assets held for sale amounting to S$0.7 million during the year.

FINANCIAL POSITION

NON-CURRENT ASSETS

Property, plant and equipment ("**PPE**") increased by S$0.7 million from S$1.8 million as at 31 December 2018 to S$2.5 million as at 31 December 2019, mainly due to the following factors:

a. Carrying amount of right-of-use assets of S$2.3 million (and total lease liabilities of S$2.4 million) as at 31 December 2019 arose from the Group's adoption of SFRS(I) 16 Leases. As a result, the Group had recognised right-of-use assets and lease liabilities relating to present value of future operating lease payments for the duration of the operating leases.

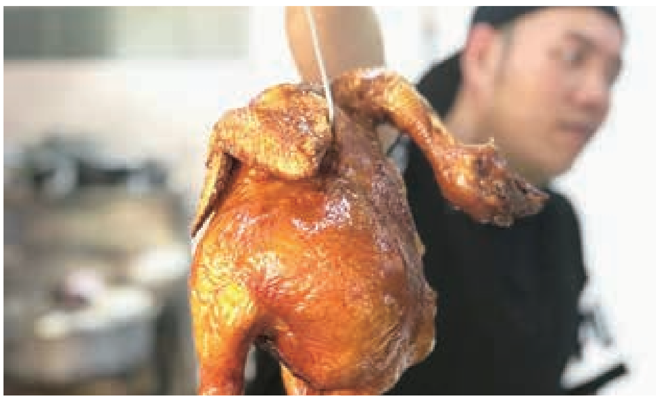
b. The transfer of PPE amounting to approximately S$2.0 million under the discontinued dishwashing business to "Disposal group assets classified as held for sale", offset by the acquisition of PPE by the Group amounting to approximately S$0.4 million during the year,

Investment properties decreased by S$0.4 million, mainly due to fair value loss during the year.

Intangible assets of S$0.6 million and goodwill of S$4.4 million arose from the acquisition of HKW and SSK. The fair value of the intangible assets and goodwill on acquisition date were determined based on an assessment done by a local accounting firm from their purchase price allocation exercise.

CURRENT ASSETS

Trade and other receivables increased substantially by S$21.9 million, mainly attributable to outstanding BOP service fee amounting to RMB120 million (approximately S$23.5 million) which has yet been paid by the 14 outlets to Wish. As announced on 4 February 2020, the delay in the payment



OPERATIONS & **FINANCIAL REVIEW**

of outstanding service fees was due to ongoing consultations between Wish and the PRC tax authorities in relation to the amount of, among others, corporate income tax and/or withholding tax payable by Wish to the PRC tax authorities before the outlets are permitted to remit the outstanding service fee to Wish. Wish has since engaged one of the "big four" accounting firms in Beijing as its professional tax advisers to assist with the ongoing consultations. The Company hopes the foregoing tax issue will be resolved by the end of May 2020 in view of the various precautionary measures being implemented by the relevant PRC authorities in light of the COVID-19 outbreak in the PRC.

While the Group is working on settlement of the Group's tax issues, the Group had on 26 March 2020 appointed Ms Zhang Liying ("**Ms Zhang**") as the Group's authorised representative to collect the outstanding receivables for and on behalf of the Group. Ms Zhang is a PRC national and is the 20% non-controlling shareholder of Wish. Ms Zhang, Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan have collectively provided securities in respect of the amount of the outstanding receivables recovered from the 14 BOP outlets and held by Ms Zhang but not yet transferred to Wish's bank account. As disclosed in Note 18 to the financial statements, Mr Pang Pok and Mr Zhang Rongxuan have also collectively provided personal guarantees in respect of the entire outstanding receivables from the 14 BOP outlets as at 31 December 2019.

Cash and cash equivalent increased by S$4.3 million (inclusive of cash and cash equivalents of S$0.4 million classified under "Disposal group assets classified as held for sale") during the year. Reasons for the increase are provided below under the Cashflow.

NON-CURRENT LIABILITIES

Non-current loans and borrowings decreased by S$3.7 million, mainly due to the following factors:

a. The reclassification of the loans and borrowings amounting to S$6.0 million related to the discontinued operations to "Liabilities directly associated with disposal group classified as held for sale".
b. Progressive repayment of loans and borrowings during the year. The decrease was partially offset by additional bank borrowings amounting to S$0.85 million during the year.
c. Addition of non-current lease liabilities of S$1.6 million arose from the Group's adoption of SFRS(I) 16 Leases.

CURRENT LIABILITIES

Trade and other payables decreased by S$1.4 million, mainly due to the advanced placement proceeds of S$1.25 million received in December 2018 being transferred to share capital during the year when new ordinary shares were issued to the placee, reclassification of trade and other payables amounting to S$1.95 million related to discontinued operations to "Liabilities directly associated with disposal group classified as held for sale", offset by additional trade and payables of S$1.5 million arising from the acquisition of HKW, SSK, Rasa and Wish.

Tax payable of S$4.0 million relates to the BOP service fee income.

Amount due to a director decreased by S$3.2 million as the loan had been fully settled during the year through the issuance of 11,764,705 new ordinary shares at an issue price of S$0.255 for each share and cash payment of S$0.2 million to the director.

Current loans and borrowings decreased by S$1.1 million, was mainly due to the following factor:

a. The reclassification of loans and borrowings amounting to S$2.1 million related to the discontinued operations to "Liabilities directly associated with disposal group classified as held for sale".
b. Progressive repayment of loans and borrowings during the year.
c. Addition of current lease liabilities of S$0.8 million arose from the Group's adoption of SFRS(I) 16 Leases.

OPERATIONS & FINANCIAL REVIEW

CASH FLOW

Overall, the Group reported a net increase in cash and cash equivalents of S$4.3 million from S$1.3 million as at 31 December 2018 to S$5.6 million as at 31 December 2019. The increase was mainly due to the net cash of approximately S$5.4 million generated from operating activities which was principally attributable to the receipt of BOP service fee of approximately S$5.1 million in July 2019, offset by the net cash used in investing activities of S$1.1 million, mainly from the acquisition of HWK Rasa and SSK and purchase of property, plant and equipment.

OPERATIONS PERFORMANCE

Following the Shareholders' approval obtained on 26 February 2019 for the Group's expansion into the F&B business, the Group has ramped up its expansion efforts into the F&B industry with the acquisition HKW and Rasa in April 2019 and SSK in July 2019. SSK opened 2 more chicken rice stalls during the year. In November 2019, the Group entered into a franchise agreement to launch our halal chicken rice brand, RASA CHICKEN by Sing Swee Kee, in Brunei. The Group would continue to pursue its expansion plans for its F&B segment through opening of more F&B outlets as well as selling franchise rights locally and overseas.

In March 2019, the Group entered into a joint venture agreement with Ms Zhang Liying, a strategic partner, to provide BOP services to the F&B outlets via Wish. The Group officially started the BOP service business in April 2019. As at the date of this report, the Group has seen much progress in the BOP business with Wish having entered into exclusive agreements with 14 F&B outlets for the provision of BOP services. The Group has obtained shareholders' approval on 30 December 2019 to expand our business of providing BOP services and the diversification of our business relating to the provision of BOP services beyond the F&B industry. The Group is also looking to secure more BOP service contracts in the coming 12 months.

As announced on 4 February 2020, the temporary closure of our BOP clients' outlets and restriction of movement of Wish's working team in PRC due to the recent outbreak of the COVID-19 are expected to affect the Group's provision of the BOP services. As at the date of this report, a few of the outlets have resumed operations. As the situation is still evolving, it is currently not possible to ascertain the full financial impact of the outbreak on the financial performance of the Group for the financial year ending 31 December 2020 at this juncture.

Notwithstanding the current situation which may have a short term impact on the performance of the outlets, the Company believes that there may be more opportunities for the healthy lifestyle centres and/or the healthcare related industry in the PRC in the future, as the residents of the PRC may become more health conscious and proactive in taking preventive measures to protect themselves against threats of new contagions and other diseases, after the current COVID-19 outbreak. In such event, there may be higher demand for the Group's BOP services relating to the establishment and assistance in management of healthy lifestyle or healthcare centres.

Due to continuous competitive market environment, dishwashing cleaning business continued to report loss in FY2019 despite there were additional revenues earned from the Marine Parade Central hawker centre and F&B outlets at Jewel Changi during the year. In order to allow the Group to focus on its new F&B business which has shown promising and positive results and re-strategies and re-allocate its financial and capital resources resulting in more working capital for the expansion of the Group's F&B business, the Group had made a decision to dispose the dishwashing cleaning business. The disposal was approved by shareholders at an Extraordinary General Meeting held on 30 December 2019 and was completed in mid-January 2020.

BOARD OF DIRECTORS

ZHANG RONGXUAN

NON-INDEPENDENT AND
NON-EXECUTIVE CHAIRMAN

Mr Zhang was appointed to our Board on 3 September 2019. He is currently the President, Chief Executive and Director of Jufeel International Group, a company listed on the U.S. OTC Markets. Mr Zhang is also a director and sole shareholder of Henan Jufeel Technology Group Co. Ltd. ("Henan Jufeel"). The principal activity of Henan Jufeel relates to the development and sale of aloe vera related-health products and beverages. Mr Zhang established China's largest aloe vera planting base in Hainan province and is regarded in China as an expert in the aloe vera industry.

Mr Zhang graduated from Wuhan University with a Bachelor Degree in accountancy and auditing. He is also an undergraduate from the School of Chinese Medical of Nanjing University. He is currently an honorary professor at the School of Pharmaceutical and Life Sciences of Changzhou University.

PANG POK

EXECUTIVE DIRECTOR AND
CHIEF EXECUTIVE OFFICER

Mr Pang Pok was appointed to the Board on 19 September 2014. He was last re-elected as a Director at the Annual General Meeting on 26 April 2018. Mr Pang Pok is responsible for the Group's overall management, including overseeing its operations, setting directions for new growth areas and developing business strategies. Mr Pang brings with him over 20 years of experience in the F&B industry and has led the expansion and innovation of our business and operations. He has been instrumental in our Group's growth, having founded four out of the five of our Group's companies, including GreatSolutions Pte. Ltd. in 2012, and having served since 1999 as a director on the board of Hawkerway Pte. Ltd.

Mr Pang was awarded the Public Service Medal by the Singapore President's Office in 2011 and the Long Service Award by the People's Association in 2013. He also serves as Assistant Treasurer of the Hainan Business Club, Honorary Deputy Treasurer of the Yuying Secondary School Management Committee, Vice Chairman of the Qinghai Association (Singapore) and Vice President of the Guang Wu Club.

BOARD OF DIRECTORS

LIU CHANGSHENG

NON-INDEPENDENT AND
NON-EXECUTIVE DIRECTOR

Mr Liu was appointed to our Board on 10 January 2019. Mr Liu has both academic foundation and hand-on experience in all facets of investment, international trade, banking and finance.

Mr Liu is currently the Chief Executive Officer of KTL Group Limited and Non-executive Chairman of Metech International Limited which are listed on the Mainboard and Catalist Board of Singapore Exchange respectively, and also presently sits on the board of a number of companies in various industries in Singapore, Hong Kong and the People's Republic of China.

Prior to joining our Group, he co-founded eCapital (China) Finance Leasing Company Limited in 2015 and also founded GuoRong China Finance Bank (Beijing) Asset Management Company Limited to serve companies for their public listing, mergers and acquisitions activities. Between 2011 to 2015, he was Deputy Head at China Construction Bank Henan Branch responsible for its entire personal and corporate banking businesses.

Mr Liu Changsheng graduated from Luoyang Institute of Technology in 2000 with a Diploma in International Trade and obtained professional certificates in private equity fund awarded by Asset Management Association of China (AMAC).

BOARD OF **DIRECTORS**

CHONG ENG WEE

LEAD INDEPENDENT DIRECTOR

Mr Chong Eng Wee was appointed to our Board on 10 January 2019.

Mr Chong is Head of the corporate team at Kennedys Legal Solutions with deep expertise spanning corporate and securities laws, capital markets, mergers and acquisitions, private equity, China, banking and finance, corporate restructuring, joint ventures, corporate and commercial contracts, regulatory compliance, corporate governance advisory and corporate secretarial work.

Mr Chong has 15 years of experience practising at leading law firms in Singapore and as in–house counsel advising major companies listed on the main board of Singapore Exchange Securities Trading Limited. He gained a good working knowledge of foreign investment laws in People's Republic of China ("PRC") while acting as the Representative for the Shanghai Representative Office of a previous law firm, and was also previously joint Company Secretary for three SGX-ST Mainboard listed companies.

Mr Chong has advised listed companies, issue managers, underwriters and placement agents, private equity funds, multinational corporations, high net-worth individuals and small and medium enterprises on a wide range of corporate, capital markets and private equity transactions including initial public offerings, pre-IPO investment, dual listings, reverse takeovers, public takeovers, de-listings, rights and warrants issues, placements, local and cross border acquisitions and disposals of shares and assets, downstream investment and compliance by private equity funds, joint ventures, corporate restructuring and various corporate actions by listed companies.

Mr Chong has advised on various cross-border transactions with PRC elements, and frequently advises listed companies on their regulatory compliance and corporate governance issues.

Mr Chong has acted for borrowers on facility loans and security documents and has also been involved on corporate real estate transactions involving sale and lease back of land and buildings, and acquisitions and disposals of office, commercial and residential buildings.

Other than his directorship at GS Holdings Limited, Mr Chong is currently the lead independent and non-executive director at Heatec Jietong Holdings Limited (listed on SGX-ST Catalist Board), independent director at KTL Global Limited (listed on SGX-ST Mainboard), the company secretary for China Vanadium Titano-Magnetite Mining Company Limited (listed on the Mainboard of Hong Kong Stock Exchange) and the joint company secretary of LHN Limited (listed on the SGX-ST Catalist Board and the Mainboard of Hong Kong Stock Exchange).

Mr Chong has also been ranked as one of Singapore's Top 40 Most Influential Lawyers aged under 40 by Singapore Business Review in 2015.

BOARD OF **DIRECTORS**

LIM KEE WAY IRWIN

INDEPENDENT DIRECTOR

Lim Kee Way Irwin is our Independent Director and was appointed to our Board on 3rd May 2019. He is currently the Operating Partner of Novo Tellus Capital Partners, a private equity firm and concurrently the managing director of Inflexion Ventures Private Ltd., which is a business advisory and investment firm. He also serves as a lead independent director, chairman of the audit committee and member of the nominating committee and remuneration committee for MS Holdings Ltd. which is listed on the Catalist Board of the SGX. Lim Kee Way Irwin began his career in 1990 as a senior development officer with the Economic Development Board of Singapore. In 1993, he joined Technomic International Inc., a United States headquartered consulting firm specialising in market penetration and investment strategies, initially as an associate and was promoted to senior associate in 1995. Subsequently in 1996, Lim Kee Way Irwin joined Transpac Capital Pte Ltd, a venture capital and private equity firm, as a senior investment manager, responsible for investment and portfolio management in the Asia Region.

In 2000, he joined Murray Johnstone Private Equity as associate director, and later in the same year joined Asiavest Partners, TCW/YFY (S) Private Ltd. as executive director where he headed the firm's investment in the Southeast Asian region. He joined United Test and Assembly Center Ltd in 2003, as the group vice-president of corporate development, where he helped spearhead the listing of the company in 2004.

He assumed the role of group chief financial officer from 2007 to 2013 where he was responsible for the mergers and acquisitions as well as the financial, treasury, legal, corporate communications and investor relations functions of the group. He holds a Master of Science in Management from the Imperial College of Science, Technology and Medicine, University of London, and a Bachelor of Science from Columbia University in the city of New York.

BOARD OF DIRECTORS

CHAN CHUN KIT

INDEPENDENT DIRECTOR

Mr Chan Chun Kit was appointed as an independent non-executive Director of our Board on 3 May 2019. Mr Chan is a certified public accountant with over 13 years' experience in financial reporting, financial management, corporate governance and audit in several listed companies and professional firm.

Mr Chan is currently the chief financial officer of Sino Grandness Food Industry Group Limited, listed on the Mainboard of Singapore Stock Exchange (Stock Code: T4B) and is responsible for strategies and tactics planning, implementation, long-range forecasting and control of finance activities. Prior to joining Sino Grandness, he held finance in-charge positions in two other listed companies on the Mainboard of Singapore Stock Exchange for 9 years. From 2018 and 2020, he was the regional financial controller of KTL Global Limited (Stock Code: EB7) and between 2011 to 2018, he has been the chief financial officer and company secretary at China Flexible Packaging Holdings Limited (Stock Code: CFLX). Aside to these positions in these listed companies, he was also engaged as the financial and IPO consultant by several Hong Kong and PRC based companies including Gold Bless International Invest Limited, Country Dragon Group Limited and Hong Kong Carbon Assets Management Limited during the period from 2012 to 2018. Mr Chan began his career by working in an international audit firm as an auditor in 2006 and held supervisory auditing position when he left in 2011.

Concurrently, Mr Chan serves as an Independent Non-Executive Director (also acting as Audit Committee Chairman) of Universe Printshop Holdings Limited, listed on the GEM Board of Hong Kong Stock Exchange (Stock Code: 8448) since 2017. He was also the Independent Non-Executive Director (also the Audit Committee Chairman) of Hua Han Health Industry Holdings Limited, listed on the Mainboard of Hong Kong Stock Exchange (Stock Code: 0587) from 2017 to 2018.

Mr Chan is a Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Governance Professional and Chartered Company Secretary, as well as members of the Chartered Governance Institute and the Hong Kong Institute of Chartered Secretaries. He is also a member of the Singapore Institute of Directors. He graduated from the Hong Kong Polytechnic University with a Master's Degree in Corporate Governance and a Bachelor Degree in Accountancy.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Pang Pok, Mr Liu Changsheng, Mr Lim Kee Way Irwin, Mr Chan Chun Kit and Mr Zhang Rongxuan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened ("**AGM**") (each, a "**Retiring Director**" and collectively, the "**Retiring Directors**").

Pursuant to Rule 720(5) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7F to the Listing Manual Section B: Rules of Catalist of the SGX-ST is as follows:

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
Date of Appointment	19 September 2014	10 January 2019	3 May 2019	3 May 2019	3 September 2019
Date of last re-appointment	26 April 2018	26 April 2019	N.A.	N.A.	N.A.
Age	63	44	54	37	54
Country of principal residence	Singapore	China	Singapore	Hong Kong	China
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Pang Pok for re-appointment as Executive Director of the Company. The Board has reviewed and concluded that Mr Pang Pok possesses the experience, expertise, knowledge and skills to assume the responsibility for the Group's overall management, including overseeing the operations, setting directions for new growth areas and developing business strategies.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Liu Changsheng for re-appointment as Non-Independent and Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Liu Changsheng possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lim Kee Way Irwin for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Lim Kee Way Irwin possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Chan Chun Kit for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Chan Chun Kit possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Zhang Rongxuan for re-appointment as Non-Independent and Non-Executive Chairman of the Company. The Board has reviewed and concluded that Mr Zhang Rongxuan possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of and to chair the Board.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Pang Pok is responsible for the Group's overall management, including overseeing the operations, setting directions for new growth areas and developing business strategies.	Non-Executive	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer & Executive Director	Non-Independent & Non-Executive Director, Member of the Remuneration Committee, Nominating Committee and Audit and Risk Committee.	Independent Director, Chairman of the Audit and Risk Committee and member of the Nominating Committee and Remuneration Committee	Independent Director, Chairman of the Remuneration Committee and member of the Nominating Committee and Audit and Risk Committee	Non-Independent & Non-Executive Chairman
Professional qualifications	NIL	Doctoral Degree in Hedge Fund Management from Beijing Normal University Master Degree in International Economics and Finance from China Central University of Finance and Economics Bachelor Degree in international trade from Henan University of Science and Technology International qualification of Financial Risk Manager from Global Risk Management Association	Master in Management from Imperial College, University of London Bachelor in Industrial Engineering from Columbia University	Master in Corporate Governance and Bachelor Degree in Accountancy from the Hong Kong Polytechnic University Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants (HKICPA Chartered Company Secretary and members of the Hong Kong Institute of Chartered Secretaries (HKICS) and the Institute of Chartered Secretaries and Administrators (ICSA)	Bachelor in Economics from University of Wuhan
Working experience and occupation(s) during the past 10 years	2019 to Present: Director of Raffles Brands Management (Shanghai) Co. Ltd 2019 to Present: Director of Wish Health Management (Shanghai) Co. Ltd. 2019 to Present: Director of Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd.	2019 to Present: Non-executive Chairman of Metech International Limited 2016 to Present: Director of Henan Express Carving Building Material Co., Ltd 2015 to Present: Director of Henan Shengning Industrial Co., Ltd 2018 to Present: Director of KTL Global Limited 2018 to Present: Director of Bluegas Private Limited	2015 to Present: Operating Partner of Novo Tellus Capital Partners 2013 to Present: Managing Director of Inflexion Ventures Private Ltd 2003 to 2013: Group Chief Financial Officer of United Test & Academy Ltd	2020 to Present: Chief Financial Officer of Sino Grandness Food Industry Group Limited 2017 to Present: Director of Universe Printshop Holdings Limited 2018 to Present: Director of Treasure Connects Holdings Limited 2018 to Present: Regional Financial Controller of KTL Global Limited	2016 to Present: Chairman of Suzho Yihuotong E-Business Co., Ltd 2012 to Present: Chairman of Hainan Zhongchen Bioengineering Co., Ltd 2011 to Present: Chairman of Kaifeng Jufeel Biological Technology Co., Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
	2019 to Present: Director of Raffles Coffee Pte. Ltd. 2019 to Present: Director of Hao Kou Wei Food Group Pte. Ltd. 2019 to Present: Director of Raffles Brands Pte. Ltd. 2019 to Present: Director of Sing Swee Kee Pte. Ltd. 2019 to Present: Director of Wish Hospitality Holdings Private Limited 2019 to Present: Director of Hao Kou Wei Pte. Ltd. 2014 to Present: Director of GS Equipment Supply Pte. Ltd. 2014 to Present: Director of GS Stewarding Services Pte. Ltd. 2013 to Present: Director of Yock Eng Education Fund Limited 2013 to Present: Director of GS Cleaning Services Pte. Ltd. 2012 to Present: Director of Bartley Kopi Pte. Ltd. 2010 to Present: Director of GS Capital Pte. Ltd. 2008 to 2011: Director of Aussie Grill Pte. Ltd. 2005 to 2013: Director of Golden Bun Pte. Ltd. 2003 to 2012: Director of Hawkerway Management Pte. Ltd. 1994 to Present: Director of Hawkerway Pte. Ltd.	2018 to Present: Director of Changsheng Investment Development Limited 2019 to Present: Director of Raffles Brands Management (Shanghai) Co. Ltd 2019 to Present: Director of Wish Health Management (Shanghai) Co. Ltd. 2019 to Present: Director of Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd. 2019 to Present: Director of Wish Hospitality Holdings Private Limited 2018 to Present: Director of Raffles Financial Limited and Raffles Xchange Limited 2015 to Present: Founder of GuoRong China Finance Bank (Beijing) Asset Management Company Limited 2015 to 2017: Co-Founder of eCapital (China) Finance Leasing Company Limited 2011 to 2015: Deputy Head of International Department – China Construction Bank Henan Branch 2009 to 2011: General Manager of Hualing Investment Holding Group Company Limited		2011 to 2018: Chief Financial Officer and Company Secretary of China Flexible Packaging Holdings Limited 2012 to 2015: Financial Consultant of Hong Kong Carbon Assets Management Limited 2006 to 2011: Senior Associate 2 of BDO Limited (formerly known as Grant Thornton)	2009 to 2011: Chairman of Henan Jufeel Technology Commerce Co. Ltd

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
Shareholding interest in the listed issuer and its subsidiaries	Yes. As of 2 January 2020, Mr Pang has, in aggregate, a direct and deemed interest in 106,079,705 Shares representing approximately 57.34% of the total number of issued shares (excluding treasury shares).	No	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Ms. Ang Siew Kiock is the director of Hao Kou Wei Pte. Ltd., a subsidiary of the Company, and a substantial shareholder of the Company. Ms. Ang Siew Kiock is Mr Pang's wife. Ms. Eliss Pang is the Director of Operations of the Group, and the director of Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd., a subsidiary of the Company. Ms. Eliss Pang is Mr. Pang's daughter.	No	No	No	No
Conflict of Interest (including any competing business)	No	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes
Other Principal Commitments Including Directorships Past (for the last 5 years)	Outside the Group: Yogurt Place Pte Ltd	Qingdao Zhongheng Huaxin Financial Leasing Co., Ltd HBDHF Finance Limited	Amaan & Fatheen Pte Ltd Lifebrandz Limited	Hua Han Health Industry Holdings Limited	Wish Hospitality Holdings Private Limited Shanghai Jufeel Industrial Co., Ltd
Present	Within the Group GS Cleaning Services Pte. Ltd. GS Equipment Supply Pte. Ltd. GS Stewarding Services Pte. Ltd. Hao Kou Wei Food Group Pte. Ltd.	Within the Group Wish Hospitality Holdings Pte Ltd. Wish Health Management (Shanghai) Co. Ltd. Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd.	Within the Group NIL Outside the Group Novoflex Pte Ltd Smartflex Technology Pte Ltd Smartflex Innovation Pte Ltd	Within the Group NIL Outside the Group Universe Printshop Holdings Limited Treasure Connects Holdings Limited	Within the Group NIL Outside the Group Kaifeng Jufeel Biological Technology Co., Ltd Hainan Zhongchen Bioengineering Co., Ltd.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
	Hao Kou Wei Pte. Ltd. Hawkerway Pte. Ltd. Raffles Brands Pte. Ltd. Raffles Coffee Pte. Ltd. Wish Hospitality Holdings Pte Ltd. Raffles Brands Management (Shanghai) Co. Ltd Wish Health Management (Shanghai) Co. Ltd. Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd. Sing Swee Kee Pte. Ltd. <u>Outside the Group</u> GS Capital Pte. Ltd. Bartley Kopi Pte. Ltd. Yock Eng Education Fund Limited	Raffles Brands Management (Shanghai) Co. Ltd <u>Outside the Group</u> Raffles Financial Limited Raffles Xchange Limited Guorong China Finance Bank (Beijing) Asset Management Company Limited Changsheng Investment Development Limited Bluegas Private Limited KTL Global Limited Henan Shengning Industrial Co., Ltd Henan Express Carving Building Material Co., Ltd Metech International Limited	MS Holdings Limited Inflexion Ventures Private Ltd		Suzhou Yihuotong E-Business Co., Ltd Yunnan Weixin Internet Finacial Transaction Service Co., Ltd Henan Jufeel Industry Co,,Ltd Kaifeng Ivanjin Biotechnology Co, Ltd. Henan Liaoxuan Nano Biological Co., Ltd Henan Jufeel Technology Group Co., Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.					
a) Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
c) Whether there is any unsatisfied judgement against him?	No	No	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation of dishonesty on his part?	No	No	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR PANG POK	MR LIU CHANGSHENG	MR LIM KEE WAY IRWIN	MR CHAN CHUN KIT	MR ZHANG RONGXUAN
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?					
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

KEY MANAGEMENT

CHONG PAW LONG

CHIEF FINANCIAL OFFICER

Mr Chong first joined the Group in March 2018 as the Financial Controller and was promoted to Chief Financial Officer in March 2019. He is responsible for all the financial and accounting functions and corporate matters of the Company and the Group.

Mr Chong has more than 25 years of working experience gained in different industries with various corporations and public listed companies in Singapore and overseas. Mr Chong graduated with a Bachelor of Accountancy degree.

ELISS PANG

DIRECTOR OF OPERATIONS

Ms Pang joined the Group as Special Projects Manager in 2015 and was promoted to Director of Operations in June 2018.

As Director of Operations, Ms Pang is responsible for the overall planning, operations management and business development of our wholly-owned subsidiary, Greatsolutions Pte Ltd. Ms Pang has previous experience in the food and beverage industry, managing a chain of food kiosks.

Ms Pang graduated with a Bachelor of Social Sciences from National University of Singapore and holds a Masters of Social Sciences in Professional Counselling from Swinburne of Technology Australia.

JASON LAM CHEE SENG

GENERAL MANAGER

Mr Lam first joined the Group in August 2019 as Business and Franchise Development Manager. He was promoted in February 2020 to General Manager of Hao Kou Wei Pte Ltd, overseeing the food and beverages business operation of the Group.

Mr Lam has more than 15 years of experience in the food and beverages industry in China, Japan and South East Asia. During this period, he has had more than 600 corporate and franchise stores under his responsibility, representing global brands, acquiring as well as creating new brands.

CORPORATE INFORMATION

BOARD OF DIRECTORS

ZHANG RONGXUAN
Non-Independent and Non-Executive Chairman

PANG POK
Executive Director, Chief Executive Officer

LIU CHANGSHENG
Non-Independent and Non-Executive Director

CHONG ENG WEE
Lead Independent Director

LIM KEE WAY IRWIN
Independent Director

CHAN CHUN KIT
Independent Director

AUDIT AND RISK COMMITTEE

LIM KEE WAY IRWIN *(Chairman)*
CHONG ENG WEE
CHAN CHUN KIT
LIU CHANGSHENG

NOMINATING COMMITTEE

CHONG ENG WEE *(Chairman)*
LIM KEE WAY IRWIN
CHAN CHUN KIT
LIU CHANGSHENG

REMUNERATION COMMITTEE

CHAN CHUN KIT *(Chairman)*
LIM KEE WAY IRWIN
CHONG ENG WEE
LIU CHANGSHENG

COMPANY SECRETARY

ONG LE JING

REGISTERED OFFICE

8 Loyang Way 4
Singapore 507604

PRINCIPAL PLACE OF BUSINESS

8 Loyang Way 4
Singapore 507604

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

RHT CORPORATE ADVISORY PTE. LTD.
9 Raffles Place #29-01
Republic Plaza Tower 1
Singapore 048619

INDEPENDENT AUDITORS

BAKER TILLY TFW LLP
Public Accountants and
Chartered Accountants
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

Partner-in-charge:
Mr Gilbert Lee Chee Sum
(Date of appointment:
Since financial year ended
31 December 2018)

PRINCIPAL BANKER

DBS BANK LTD.
12 Marina Boulevard
Tower 3 Marina Bay
Financial Centre
Singapore 018982

SPONSOR

UOB KAY HIAN PRIVATE LIMITED
8 Anthony Road #01-01
Singapore 229957

CORPORATE **GOVERNANCE**

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

The Board of Directors (the "**Board**") of GS Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company's corporate governance structures and practices that were in place during the financial year ended 31 December 2019 ("**FY2019**"), with specific reference made to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"), which became effective from the Company's financial year commencing 1 January 2019.

The Board and the Management of the Company (the "**Management**") have taken steps to align the governance framework with the principles of the Code, and where there are deviations from the provisions in the Code, appropriate explanations are provided.

Provisions/ Principles/ Rules	**Code and/or Guide Description**	**Company's Compliance or Explanation**
BOARD MATTERS		
The Board's Conduct of Affairs		
Principle 1	The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company	The Company is headed by an effective Board, which is collectively responsible and works with the Management for the long-term success of the Company. Please refer to Provisions 1.1 to 1.7 below for more details and instances of the Company's compliance with such principle.

CORPORATE **GOVERNANCE**

<table>
<tr>
<td>Provision 1.1</td>
<td>Directors are fiduciaries who act objectively in the best interests of the company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the company. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.</td>
<td>
Currently, the Board has six (6) Directors, three of whom are Independent Non-Executive Directors. The Directors of the Company as at the date of this statement are:–

<table>
<tr><td colspan="2">Table 1.1 – Composition of the Board</td></tr>
<tr><td>Name of Director</td><td>Designation</td></tr>
<tr><td>Pang Pok</td><td>Chief Executive Officer and Executive Director</td></tr>
<tr><td>Zhang Rongxuan (Appointed to the Board on 3 September 2019)</td><td>Non-Independent and Non-Executive Chairman</td></tr>
<tr><td>Chong Eng Wee</td><td>Lead Independent Director</td></tr>
<tr><td>Lim Kee Way Irwin (Appointed to the Board on 3 May 2019)</td><td>Independent Director</td></tr>
<tr><td>Chan Chun Kit (Appointed to the Board on 3 May 2019)</td><td>Independent Director</td></tr>
<tr><td>Lui Changsheng</td><td>Non-Independent and Non-Executive Director</td></tr>
</table>

The Board is collectively entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:

(a) supervising the overall management of the business and affairs of the Group and approving the Group's corporate and strategic objectives and direction;

(b) overseeing the process for evaluating the adequacy of internal control, risk management, financial reporting and compliance;

(c) reviewing the performance of management and overseeing succession planning for management;

(d) setting the Company's value and standards, and ensuring that obligations to shareholders of the Company ("Shareholders") and other stakeholders are understood and met; and

(e) providing overall corporate governance of the Company.
</td>
</tr>
</table>

CORPORATE **GOVERNANCE**

		All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group. All Directors are required to disclose their business interests and any potential or actual conflicts of interest that they are aware of, or as soon as such conflicts become apparent. In any situation that involves a conflict of interest with the Company, Directors recuse themselves from participating in any discussion and decision on the matter.
Provision 1.2	Directors understand the company's business as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The induction, training and development provided to new and existing directors are disclosed in the company's annual report.	The Company ensures that incoming new Directors are provided with a formal letter of appointment setting out their duties and obligations. They are given guidance and orientation including onsite visits to get them familiarised with the Group's businesses, organisation structure, corporate strategies and policies and corporate governance practices upon their appointment and to facilitate the effective discharge of their individual duties. For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors ("**SID**") or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties and at the Company's expense. In this regard, as the Company had announced on 28 February 2020, Mr. Chan Chun Kit, who was appointed to the Board on 3 May 2019 and who resides in Hong Kong and the People's Republic of China, was unable to attend the SID course held in March 2020, in view of the current travel restrictions in place due to the on-going COVID-19 outbreak. Similarly, Mr. Zhang Rongxuan, who was appointed to the Board on 3 September 2020 and who resides in the People's Republic of China, faces the same travel restrictions and would not be able to attend any SID courses held during this time. In any event, Mr. Chan Chun Kit and Mr. Zhang Rongxuan have confirmed that they will endeavour to attend the requisite courses at SID, as soon as practicable once the travel restrictions have been lifted.

CORPORATE **GOVERNANCE**

		Directors are updated regularly on any new developments or changes in applicable regulatory, legal and accounting frameworks that are of relevance to the Group during Board meetings or via electronic mail, and through participation in training courses, seminars and workshops at the Company's expense. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Directors are circulated to the Board. Directors are also informed of upcoming conferences and seminars relevant to their roles as directors of the Company. The Board is briefed by the External Auditors ("**EA**") on recent changes and amendments to the accounting standards, including amendments to the Singapore Financial Reporting Standards, and receive regulatory updates on a half yearly basis. The Chief Executive Officer ("**CEO**") updates the Board at each meeting on business and strategic developments of the Group.
Provision 1.3	The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters requiring board approval are disclosed in the company's annual report.	Matters that require the Board's approval, as decided by the Board, include, amongst others, the following: (a) approval of the Group's strategic objectives; (b) changes relating to the Group's capital structure including reduction of capital, share issues and share buy backs; (c) major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals; (d) approval of the interim and full year's results announcements and release of annual reports; (e) approval of the dividend policy, declaration of the interim dividend and recommendation of the final dividend; (f) approval of material investments, divestments or capital expenditure;

CORPORATE **GOVERNANCE**

<table>
<tr><td></td><td></td><td>(g) approval of resolutions and corresponding documentation to be put forward to Shareholders at a general meeting including approval of all circulars, prospectuses, etc; and

(h) any decision likely to have a material impact on the Group from any perspective, including, but not limited to, financial, operational, strategic or reputational matters.</td></tr>
<tr><td>Provision 1.4</td><td>Board committees, including Executive Committees (if any), are formed with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the company's annual report.</td><td>Board Committees, namely the Audit and Risk Committee (the "ARC"), the Remuneration Committee (the "RC"), the Nominating Committee (the "NC") (collectively the "Board Committees") have been constituted to assist the Board in the discharge of its responsibilities and each report back to the Board. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference. The terms of references are reviewed on a regular basis to ensure their continued relevance. The compositions of the Board Committees are as follows:

<table>
<tr><td colspan="4">Table 1.4 – Composition of Board Committees</td></tr>
<tr><td></td><td>ARC</td><td>NC</td><td>RC</td></tr>
<tr><td>Chairman</td><td>Lim Kee Way Irwin</td><td>Chong Eng Wee</td><td>Chan Chun Kit</td></tr>
<tr><td>Member</td><td>Chan Chun Kit</td><td>Chan Chun Kit</td><td>Chong Eng Wee</td></tr>
<tr><td>Member</td><td>Chong Eng Wee</td><td>Lim Kee Way Irwin</td><td>Lim Kee Way Irwin</td></tr>
<tr><td>Member</td><td>Liu Changsheng</td><td>Liu Changsheng</td><td>Liu Changsheng</td></tr>
</table>

Information on the ARC, RC, and NC, their respective terms of reference, summaries of their activities and any delegation to them by the Board of its decision-making authority can be found in the subsequent sections of this Annual Report.</td></tr>
</table>

CORPORATE **GOVERNANCE**

Provision 1.5	Directors attend and actively participate in Board and board committee meetings. The number of such meetings and each individual director's attendances at such meetings are disclosed in the company's annual report. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.	The Board meets quarterly and more often when required to address any specific significant matters which may arise. The Company's constitution (the "**Constitution**") allows for meetings to be held through audio visual communication equipment. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. The Board and Board Committees may also make decisions through circulating resolutions. The Board met four times in FY2019. The number of Board and Board Committee meetings held and the attendance of each board member at the meetings for FY2019 are as follows:–

Table 1.5 – Attendance of Directors at Company Meetings

	Board		**ARC**		**NC**		**RC**	
Name of Director	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Pang Pok	4	4	–	–	–	–	–	–
Lee Dah Khang#	4	1	5	2	1	1	1	1
Chua Kern#	4	–	5	–	1	–	1	–
Chow Kek Tong#	4	1	5	1	1	1	1	1
Chan Chun Kit*	4	3	5	3	1	–	1	–
Chong Eng Wee	4	4	5	5	1	1	1	1
Liu Changsheng	4	4	5	5	1	1	1	1
Lim Kee Way Irwin*	4	3	5	3	1	–	1	–
Zhang Rongxuan*	4	1	–	–	–	–	–	–

Mr. Chow Kek Tong resigned as Independent Director on 30 April 2019. Mr. Lee Dah Kang has retired as Independent Director on 26 April 2019. Mr. Chua Kern has resigned on 10 January 2019.

* Mr. Lim Kee Way Irwin and Mr. Chan Chun Kit were appointed as Independent Director on 3 May 2019. Mr. Zhang Rongxuan was appointed as a Non-independent and Non-executive Director on 3 September 2019.

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Provision 1.6	Management provides directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decisions and discharge their duties and responsibilities.	Provision of information on an on-going basis Management provides the Board with relevant, complete, adequate and accurate information in a timely manner relating to matters to be brought before the Board on an on-going basis. Management ensures that the Company Secretary is provided with the relevant board papers to be circulated to the Board from time to time or to be submitted at Board meetings. Board papers adhere to a standard format which includes background information, issues for deliberation, and risk mitigation measures. Provision of information prior to meetings To give Directors sufficient time to prepare for Board and Board Committee meetings, the agenda and board papers are circulated by the Company Secretary to the Board at least one week before the relevant meeting. Directors can access these materials via their personal computers, laptops, smartphones and other mobile devices prior to, during and after meetings. Hard copies of these materials are also distributed to the Directors at the meetings. Members of Management who prepared the Board papers and can provide additional insights into matters at hand would be present at the relevant meeting. At the Board meetings, the Management provides the Board with quarterly reports on the Group's financial and business performance, and such explanation and information as the Board may require, to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. The Board is also apprised of any significant developments on business initiatives, industry developments and regulatory updates.

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Provision 1.7	Directors have separate and independent access to Management, the company secretary, and external advisers (where necessary) at the company's expense. The appointment and removal of the company secretary is a decision of the Board as a whole.	Mr Chong Eng Wee, the Lead Independent Director, is a director of Kennedys Legal Solutions Pte Ltd, which provides corporate secretarial services on a retainer basis and certain legal services to the Company. Notwithstanding the foregoing, where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary may assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company. The appointment and the removal of the Company Secretary are subject to the approval of the Board as a whole. The Directors have non-restricted access to Management.
Board Composition and Guidance		
Principle 2	The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.	The Board considers that it has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company. Please refer to Provisions 2.1 to 2.5 below for more details and instances of the Company's compliance with such principle.
Provision 2.1	An "independent" director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company.	The Board consists of six (6) members, five (5) of whom are Non-executive Directors, and of the five (5) Non-executive Directors, three (3) of them are Independent Directors. As such, majority of the Board consists of Non-executive Directors and half of the Board consists of Independent Directors. Please refer to Provision 4.4 below for more information on the NC's determination of the independence for Independent Directors.

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Provision 2.2	Independent directors make up a majority of the Board where the Chairman is not independent.	In view that Mr. Zhang Rongxuan, the Chairman of the Board, is not an independent director, the Board acknowledges that the requirement under Provision 2.2 of the Code is required to be met such that the Independent Directors make up a majority of the Board. The Board, after review, is of the opinion that, notwithstanding that the Independent Directors do not make up the majority of the Board, given the Board's current scope and size of the operations of the Company and the Group, the present composition and size of the Board are adequate to facilitate effective decision making. Furthermore, the Board has decided to separate the function of the CEO and the Chairman since 1 January 2020 with the re-designation of (i) Mr. Pang Pok from Executive Chairman and CEO to Executive Director and CEO, and (ii) Mr. Zhang Rongxuan from Non-Independent and Non-Executive Director to Non-Independent and Non-Executive Chairman, so as to ensure that there is a clear division of responsibility between the leadership of the Board and the management, in accordance with Principle 3 of the Code. In addition, Mr Chong Eng Wee is the Lead Independent, Non-Executive Director of the Company and makes himself available to shareholders (i) at general meetings, and (ii) if shareholders have concerns relating to matters which contact through Chairman or CEO has failed to resolve, or where such contact is inappropriate.
Provision 2.3	Non-executive directors make up a majority of the Board.	The majority of the Board consists of non-executive Directors.

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Provision 2.4	The Board and board committees are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate. The board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.	The Board has adopted the following steps to maintain or enhance its balance and diversity: (a) Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary to enhance the efficacy of the Board; and (b) Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent Directors. Taking into account the nature and scope of the Group's business, in concurrence with the NC, the Board believes that the current size of the Board and Board Committees is appropriate, and that the composition of the Board and Board Committees (as set out in Tables 1.1 and 1.4 above) provide sufficient diversity without interfering with efficient decision making. The Board's policy in identifying Directors' nominees is primarily to have an appropriate mix of members with core competencies such as accounting and finance, business acumen, management experience, industry knowledge, strategic planning experience, customer-based knowledge, familiarity with regulatory requirements and knowledge of risk management.

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<table>
<tr><td></td><td></td><td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.4 – Balance and Diversity of the Board</td></tr>
</table>

	Number of Directors	Proportion of Board (%)
Core Competencies		
– Accounting or finance	2	33
– Business management	6	100
– Legal or corporate governance	3	50
– Relevant industry knowledge or experience	3	50
– Strategic planning experience	6	100
– Customer based experience or knowledge	3	50
Gender		
– Male	6	100
– Female	0	0

Provision 2.5	Non-executive directors and/or independent directors, led by the independent Chairman or other independent director as appropriate, meet regularly without the presence of the Management. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.	The Non-Executive Directors discuss and/or meet as often as is needed, based on the Group's needs from time to time, without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The Non-Executive Directors had held periodic conference calls and/or meetings in the absence of key management personnel in FY2019.

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Chairman and Chief Executive Officer		
Principle 3	There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.	The Board is of the view that there is a clear division of responsibilities between the leadership of the Board and the Management, and no one individual has unfettered powers of decision-making. Please refer to Provisions 3.1 to 3.3 below for more details and instances of the Company's compliance with such principle.
Provision 3.1	The Chairman and the CEO are separate persons to ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.	In FY2019, Mr Pang Pok was the Executive Chairman and CEO of the Company. He is responsible for our Group's overall management, including overseeing the Group's operations, setting directions for new growth areas and developing business strategies. Mr Pang Pok plays an instrumental role in developing the business of the Group and has provided the Group with strong leadership and vision. It was hence the view of the Board, as set out in the Corporate Governance Report for FY2018, that it was in the best interests of the Group to adopt a single leadership structure in FY2019.
Provision 3.2	The Board establishes and sets out in writing the division of responsibilities between the Chairman and the CEO.	During FY2019, the Executive Chairman and CEO was involved in significant corporate matters, especially those of strategic nature. In addition, he was responsible for the effective function of the Board and exercised control over the quality, quantity and timeliness of the flow of information between the Management of the Company and the Board, and in ensuring compliance with the guidelines set out in the Code. Taking into account the size, scope and nature of the operations of the Group in FY2019, the roles of the Executive Chairman and CEO were not separated as the Board was of the view that there is adequate accountability and transparency within the Group. The Board is also of the view that there are and have been sufficient safeguards and checks to ensure that the process of decision making by the Board is and has been independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence and there is accountability for good corporate governance. All the Board Committees are chaired by Independent Directors and more than one third of the Board consists of Independent Directors in FY2019.

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		Notwithstanding the foregoing, in view of the expansion of the Group (in terms of the branding, operation and procurement business and food and beverages business), the positions of the Chairman and CEO had been separated on 1 January 2020. As at the date of this report, the positions of Chairman and CEO are separately held by two persons in order to maintain effective checks and balances. This promotes greater accountability from Management and allows the Board to exercise its independence in its oversight of and deliberations with Management. There is a clear separation of the roles and responsibilities between the Chairman and the CEO.
Provision 3.3	The Board has a lead independent director to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. The lead independent director is available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.	During FY2019, to promote a high standard of corporate governance, Mr. Chong Eng Wee had been appointed as the Lead Independent Director. As the Lead Independent Director, he shall be available to the Shareholders where they have concerns relating to matters which contact through normal channels of the Chairman, CEO or the Management has failed to resolved or for which such contact is inappropriate, as well as at the Company's general meetings.
Board Membership		
Principle 4	The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.	The Board is of the view that it has a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board. Please refer to Provisions 4.1 to 4.5 below for more details and instances of the Company's compliance with such principle.

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Provision 4.1	The Board establishes a NC to make recommendations to the Board on relevant matters relating to: (a) the review of succession plans for directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel; (b) the process and criteria for evaluation of the performance of the Board, its board committees and directors; (c) the review of training and professional development programmes for the Board and its directors; and (d) the appointment and re-appointment of directors (including alternate directors, if any).	The Board has established the NC, which holds at least one (1) meeting in each financial year. The NC is guided by key terms of reference as follows: (a) recommend to the Board on board appointments, including succession plans and re-nominations of existing Directors for re-election in accordance with the Company's Constitution, taking into account the Director's contribution and performance; (b) recommend and review succession plans, including the appointment and/or replacement of the Chairman, the CEO and key management personnel; (c) review and approve any new employment of related persons and proposed terms of their employment; (d) determine on an annual basis, and as and when circumstances require, whether or not a director of our Company is independent; (e) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments; (f) recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple boards and the maximum number of listed company board representations which any Director may hold; (g) decide whether or not the Director is able to and has been adequately carrying his duties as a Director of the Company;

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		(h) develop a process for evaluation of the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value; (i) if an external facilitator has been used in assessing the effectiveness of the Board, its Board Committees and each directors, to ensure that existing relationships, if any, between the Company and its appointed facilitator will not affect the independence and objectivity of the facilitator; and (j) review training and professional development programmes for our Board.
Provision 4.2	The NC comprises at least three directors, the majority of whom, including the NC Chairman, are independent. The lead independent director, if any, is a member of the NC.	The NC comprises of four (4) Directors, majority of whom are Independent Directors, as follows: (a) Mr. Chong Eng Wee (Lead Independent Director); (b) Mr. Chan Chun Kit (Independent Director); (c) Mr. Lim Kee Way Irwin (Independent Director); and (d) Mr. Liu Changsheng (Non-independent and Non-executive Director). The chairman of the NC is Mr. Chong Eng Wee, who is the Lead Independent Director.

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<table>
<tr>
<td>Provision 4.3</td>
<td>The company discloses the process for the selection, appointment and re-appointment of directors to the Board, including the criteria used to identify and evaluate potential new directors and channels used in searching for appropriate candidates in the company's annual report.</td>
<td>
<table>
<tr><th colspan="3">Table 4.3(a) – Process for the Selection and Appointment of New Directors</th></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>The NC would consider candidates proposed by the Directors, key management personnel or substantial Shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>The NC would recommend the selected candidate to the Board for consideration and approval.

The Board is also advised by the Sponsor on appointment of directors as required under Catalist Rule 226(2)(d).</td></tr>
</table>
<table>
<tr><th colspan="3">Table 4.3(b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would access the contributions and performance of the Director in accordance with the performance criteria set by the Board; and
• The NC would also review the range of expertise, skills and attributes of current Board members and consider the current needs of the Board.</td></tr>
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		2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval. • All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 113 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("**AGM**"). According to Article 113, Mr. Pang Pok and Mr. Liu Changsheng will be retiring at the Company's forthcoming AGM and shall be eligible for re-election. Mr. Pang Pok and Mr. Liu Changsheng will be seeking re-election at the forthcoming AGM.

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				• In addition, pursuant to Article 117 of the Company's Constitution, additional Directors appointed during the year shall hold office until the next AGM and shall then be eligible for re-election. Mr. Lim Kee Way Irwin, Mr. Chan Chun Kit and Mr. Zhang Rongxuan will be retiring at the Company's forthcoming AGM and shall be eligible for re-election. Each of Mr. Lim Kee Way Irwin, Mr. Chan Chun Kit and Mr. Zhang Rongxuan had consented to continue in office and the Board has accepted the NC's recommendation for the re-election of Mr. Lim Kee Way Irwin, Mr. Chan Chun Kit and Mr. Zhang Rongxuan. • In making the recommendations, the NC had considered the Directors' overall contribution and performance, with reference to the results of the assessment of the performance of individual Directors. • Mr. Chan Chun Kit will, upon re-election as a Director, remain as the chairman of the RC, and member of the ARC and NC. • Mr. Lim Kee Way Irwin will, upon re-election as a Director, remain as the chairman of the ARC, and member of the RC and NC. • Mr. Liu Changsheng will, upon re-election as a Director, remain as a member of the ARC, NC and RC.

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		The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out on pages 10 to 14 of this Annual Report. The shareholdings of the individual directors of the Company are set out on page 75 of this Annual Report. None of the directors hold shares in the subsidiaries of the Company. Directors who are seeking re-appointment at the forthcoming AGM will be stated in the notice of AGM, which will be despatched to shareholders at a later date once the date of the AGM has been confirmed.
Provision 4.4	The NC determines annually, and as and when circumstances require, if a director is independent, having regard to the circumstances set forth in Provision 2.1. Directors disclose their relationships with the company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence, to the Board. If the Board, having taken into account the views of the NC, determines that such directors are independent notwithstanding the existence of such relationships, the company discloses the relationships and its reasons in its annual report.	The independence of each Director is assessed and reviewed annually by the NC in accordance with criterion based on the guidelines stated in the Code, in particular, the NC undertakes rigorous review on the continued independence of any Independent Director who has served for more than nine (9) years from the date of their first appointment. Currently, none of the Independent Directors on the Board serves for a period exceeding nine years from the date of his first appointment. The Board considers an "Independent" Director as one who has no relationship with the Company, its related corporations, its 10% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The Independent Directors, Mr. Chong Eng Wee, Mr. Lim Kee Way Irwin and Mr. Chan Chun Kit have confirmed their independence in accordance with the Code. Mr Chong Eng Wee, who is a director of Kennedys Legal Solutions Pte Ltd, is independent notwithstanding the relationship between the Company and Kennedys Legal Solutions Pte Ltd, which provides corporate secretarial services on a retainer basis and certain legal services to the Company. The total fees including ad-hoc services for FY2019 and aggregated over any financial year payable from the Company to Kennedys Legal Solutions did not exceed S$200,000, pursuant to Practice Guidance 2 of the Code.

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		The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent. For the reasons above, the Board, having taken into account and concurring with the views of the NC, has determined that the Independent Directors remained independent in character and judgment, and that there were no relationships or circumstances which are likely to affect, or could appear to affect, the Independent Directors' judgement.
Provision 4.5	The NC ensures that new directors are aware of their duties and obligations. The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company. The company discloses in its annual report the listed company directorships and principal commitment of each director, and where a director holds a significant number of such directorships and commitments, it provides the NC's and Board's reasoned assessment of the ability of the director to diligently discharge his or her duties.	The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments, and not guided by a numerical limit. Where a Director has multiple board representations, the NC will evaluate whether or not the Director is able to carry out and has been adequately carrying out his/her duties as a Director of the Company taking into consideration time and resources allocated to the affairs of the Company. The NC is of the view that all the Directors are able to devote to the Company's affairs notwithstanding their other commitments. The Board also notes that currently, none of the Directors holds more than three (3) board representations in listed companies. The considerations in assessing the capacity of Directors include the following: (a) Expected and/or competing time commitments of Directors; (b) Geographical location of Directors; (c) Size and composition of the Board; and (d) Nature and scope of the Group's operations and size. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have discharged their duties adequately for FY2019.

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<table>
<tr><th colspan="3"><u>Board Performance</u></th></tr>
<tr><td>Principle 5</td><td>The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.</td><td>The Board has undertaken a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors. Please refer to Provisions 5.1 to 5.2 below for more details and instances of the Company's compliance with such principle.</td></tr>
<tr><td>Provision 5.1</td><td>The NC recommends for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual director to the Board.</td><td>Table 5.1 below sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director and Chairman to the effectiveness of the Board for the financial year ending 31 December 2020:
<table>
<tr><th colspan="3">Table 5.1 – Performance Criteria</th></tr>
<tr><th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr>
<tr><td>Qualitative</td><td>1. Size and composition
2. Conduct of Meetings
3. Access to information
4. Board processes and accountability
5. Strategic planning
6. Risk management and Internal Control
7. CEO Performance/ Succession Planning
8. Compensation
9. Communication with Shareholders</td><td>1. Commitment of time
2. Candor
3. Participation
4. Knowledge and abilities
5. Teamwork
6. Independence
7. Overall effectiveness</td></tr>
<tr><td>Quantitative</td><td>1. Measuring and monitoring performance
2. Financial Reporting</td><td>1. Attendance at Board and Board Committees meetings</td></tr>
</table></td></tr>
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Provision 5.2	The company discloses in its annual report how the assessments of the Board, its board committees and each director have been conducted, including the identity of any external facilitator and its connection, if any, with the company or any of its directors.	The NC conducts annual assessment to evaluate the effectiveness of the Board as a whole, its Board Committee and the contribution of each individual Director to the effectiveness of the Board. The Board has not engaged any external facilitator to conduct an assessment of the performance of the Board, the Board Committees and each individual Director. Where relevant and when the need arises, the NC will consider such an engagement.
REMUNERATION MATTERS		
<u>**Procedures for Developing Remuneration Policies**</u>		
Principle 6	The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.	The Board is of the view that it has a formal and transparent procedure for developing policies on Director's and executive's remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration. Please refer to Provisions 6.1 to 6.4 below for more details and instances of the Company's compliance with such principle.
Provision 6.1	The Board establishes a Remuneration Committee to review and make recommendations to the Board on: (a) a framework of remuneration for the Board and key management personnel; and	The Board has established the RC, which is guided by key terms of reference as follows: (a) review and recommend the framework of remuneration for the Board and key management personnel; (b) review and recommend the specific remuneration packages for each Executive Director and key management personnel, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind; (c) review annually the remuneration packages of the employees who are related to any of the Directors or any substantial Shareholder of the Company;

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	(b) the specific remuneration packages for each director as well as for the key management personnel.	(d) review the design of all long term and short term incentive plans including option plans, stock plans and/or other equity based plans that the Group proposes to implement and oversee the administration of GS Holdings Employee Share Option Scheme (the "**GS Holdings ESOS**") and GS Holdings Performance Share Plan ("**GS Holdings PSP**"); and (e) consider and approve termination payments, retirement payments, gratuities, ex-gratia payments, severance payments and other similar payments to each key management personnel.
Provision 6.2	The RC comprises at least three directors. All members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.	The RC comprises of four (4) Directors, majority of whom are Independent Directors, as follows: (a) Mr. Chong Eng Wee (Lead Independent Director); (b) Mr. Chan Chun Kit (Independent Director); (c) Mr. Lim Kee Way Irwin (Independent Director); and (d) Mr. Liu Changsheng (Non-independent and Non-executive Director). The chairman of the RC is Mr. Chan Chun Kit, who is an Independent Director.
Provision 6.3	The RC considers all aspects of remuneration, including termination terms, to ensure they are fair.	The RC reviews the Company's obligations arising in the event of termination under the contracts of service of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, and if necessary, will seek expert advice inside the Company and/or outside professional advice on remuneration of all directors and to ensure that existing relationships, if any, between the Company and its appointed consultants will not affect the independence and objectivity of the consultants.
Provision 6.4	The company discloses the engagement of any remuneration consultants and their independence in the company's annual report.	No remuneration consultants were engaged by the Company in FY2019.

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Level and Mix of Remuneration		
Principle 7	The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.	The Board is of the view that the level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. Please refer to Provisions 7.1 to 7.3 below for more details and instances of the Company's compliance with such principle.
Provision 7.1	A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the company.	In determining the level of remuneration, the RC undertakes the following: (a) give due consideration to the Code's principles and guidance notes on the level and mix of remuneration, to ensure that the level of remuneration is appropriate to attract, retain and motivate the Directors to run the Company successfully; (b) ensure that a proportion of the remuneration is linked to corporate and individual performance; and (c) design remuneration packages in such manner as to align the interests of the executive directors and key management personnel with those of Shareholders. Annual review is carried out by the RC to ensure that the remuneration of the Executive Director and key management personnel is commensurate with the Company's and their respective performances, giving due regard to the financial and commercial health and business needs of the Group. The performance of the CEO is reviewed periodically by the RC and the Board.

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Provision 7.2	The remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.	Directors' fees are recommended by the Board for approval by the Shareholders at the AGM of the Company. The Board concurred with the RC that the proposed directors' fees, including that of the Non-Executive Directors, for the year ending 31 December 2020 is appropriate and that all the Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees (if any), as well as the responsibilities and obligations of the Directors. Each of the Directors will receive his directors' fees in cash. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.
Provision 7.3	Remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the company and key management personnel to successfully manage the company for the long term.	To enhance its remuneration so as to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel, the Company has adopted long-term incentive schemes, including the GS Holdings ESOS and GS Holdings PSP since 17 December 2015. The GS Holdings ESOS serves as a long-term incentive scheme for the Directors and employees of the Company. The GS Holdings PSP serves to increase the Company's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to improve their performance and to align the interests of Directors with the interests of Shareholders. Both GS Holdings ESOS and GS Holdings PSP are administered by the RC.
Disclosure on Remuneration		
Principle 8	The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.	The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. Please refer to Provisions 8.1 to 8.3 below for more details and instances of the Company's compliance with such principle.

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Provision 8.1	The company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:	The Company's remuneration policy is one that seeks to attract, retain and motivate employees to achieve the Company's long-term growth and prosperity and to create value for our Shareholders. The Company believes in aligning its level and structure of remuneration with the interest of Shareholders to promote the long-term success of the Company. To initiate this, the GS Holdings ESOS and GS Holdings PSP have been adopted to link rewards to eligible employees and Directors, especially key executives based on corporate and individual performance and align their interests with those of Shareholders. The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2019. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.
	(a) each individual director and the CEO; and	The breakdown for the remuneration of the individual Directors for FY2019 is as follows:

Table 8.1 – Directors' Remuneration

Name	Remuneration Band[3]	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Share Incentives Scheme	Total (%)
Pang Pok	A	84	–	–	5	11	100
Lee Dah Khang[1]	A	–	–	–	52	48	100
Chua Kern[1]	A	–	–	–	–	100	100
Chow Kek Tong[1]	A	–	–	–	51	49	100
Chan Chun Ki[2]	A	–	–	–	100	–	100
Chong Eng Wee	A	–	–	–	100	–	100
Lim Kee Way Irwin[2]	A	–	–	–	100	–	100
Liu Changsheng	A	–	–	–	100	–	100
Zhang Rongxuan[2]	A	–	–	–	100	–	100

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		Notes: (1) Mr. Chow Kek Tong resigned as Independent Director on 30 April 2019. Mr. Lee Dah Kang has retired as Independent Director on 26 April 2019. Mr. Chua Kern has resigned on 10 January 2019. (2) Mr. Lim Kee Way Irwin and Mr. Chan Chun Kit were appointed as Independent Director on 3 May 2019. Mr. Zhang Rongxuan was appointed as a Non-independent and Non-executive Director on 3 September 2019. (3) Remuneration Bands: (a) Band A: Compensation from S$0 to S$250,000 per annum. The above remuneration for FY2019 has been pro-rated according to the Directors' date of appointment or date of resignation (where applicable). After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of the amount of remuneration of each Director, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment. In any event, the Company has disclosed the remuneration of each Director in bands no wider than S$250,000 and a breakdown of their remuneration, to ensure transparency in the level and mix of remuneration, in compliance with Principle 8 There are no termination, retirement, post-employment benefits that may be granted to the Directors, save for the standard contractual notice period termination payment in lieu of service.
	(b) at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	Currently, the Group only has three (3) top key management personnel for FY2019. The total remuneration paid to the top three (3) key management personnel for FY2019 was S$406,356.

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The breakdown for the remuneration of the Group's top three (3) key management personnel (who are not Directors or the CEO) for FY2019 is as follows:

Table 8.1 – Remuneration of Key Management Personnel[5]

Name	Remuneration Band[4]	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Share incentive scheme	Total (%)
Chong Paw Long[1]	A	77	–	–	23	100
Pang Yiling Eliss[2]	A	84	–	–	16	100
Ang Siew Kiock[3]	A	100	–	–	–	100

Notes:

(1) Mr. Chong Paw Long was appointed as Financial Controller of the Company on 12 April 2018 and promoted to Chief Financial Officer on 1 March 2019.

(2) Miss Pang Yiling Eliss is Director of Operations. Ms Pang is the daughter of Pang Pok, the CEO and Executive Director.

(3) Ms Ang Siew Kiock was appointed as a key management personnel, and the executive director of Hao Kou Wei Pte. Ltd., being the Company's subsidiary, on 1 July 2019. Ms. Ang Siew Kiock is a substantial shareholder and the wife of Mr. Pang Pok, the CEO and Executive Director.

(4) Remuneration Bands:

Band A: Compensation from S$0 to S$250,000 per annum.

(5) Mr. Lam Chee Seng was appointed on 14 February 2020 as General Manager and a key executive officer of the Company. As he was not a key management personnel prior to the end of FY2019, his remuneration is not included in the above table.

The above remuneration for FY2019 has been pro-rated according to the respective individual's date of appointment or date of resignation (where applicable). After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of the amount of remuneration of each key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

There are no termination, retirement, post-employment benefits that may be granted to the foregoing key management personnels, save for the standard contractual notice period termination payment in lieu of service.

CORPORATE **GOVERNANCE**

<table>
<tr>
<td>Provision 8.2</td>
<td>The company discloses the names and remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO or a substantial shareholder of the company, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000, in its annual report. The disclosure states clearly the employee's relationship with the relevant director or the CEO or substantial shareholder.</td>
<td>Save as provided for below, there was no other employee of the Group who was a substantial Shareholder of the Company, or an immediate family member of a Director or the CEO, or substantial Shareholder of the Company, whose remuneration exceeds S$100,000 during the year.
<table>
<tr><th colspan="5">Table 8.2 – Remuneration of Employees who are substantial Shareholders of the Company, or immediate family members of a Director, CEO or substantial Shareholder of the Company</th></tr>
<tr><th>Name</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind/ Share incentive scheme (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">S$100,000 – S$199,999</td></tr>
<tr><td>Pang Yiling Eliss[1]</td><td>84</td><td>–</td><td>16</td><td>100</td></tr>
<tr><td>Ang Siew Kiock[2]</td><td>100</td><td>–</td><td>–</td><td>100</td></tr>
</table>
Notes:
(1) Daughter of Mr Pang Pok, CEO and Executive Director of the Company. Ms. Pang Yiling Eliss is director of Operations of the Group.
(2) Substantial shareholder of the Company and wife of Pang Pok, who is the CEO and Executive Director of the Company. Ms. Ang Siew Kiock is executive director of Hao Kou Wei Pte Ltd, a subsidiary of the Company.</td>
</tr>
<tr>
<td>Provision 8.3</td>
<td>The company discloses in its annual report all forms of remuneration and other payments and benefits, paid by the company and its subsidiaries to directors and key management personnel of the company. It also discloses details of employee share schemes.</td>
<td>The Company has adopted the GS Holdings ESOS (the "Scheme") and the GS Holdings PSP (the "Plan"). The Scheme and the Plan will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The Scheme and the Plan form an integral component of our compensation plan and are designed to primarily reward and retain Directors and employees whose services are vital to the growth and performance of our Company and/or our Group. The Scheme and the Plan are currently administered by the RC in accordance with the rules of the Scheme and the Plan respectively. Information on the Plan is disclosed in the Directors' Statements on pages 75 to 79 of this Annual Report.

Save as disclosed above and the consultancy fees paid to Mr. Liu Changsheng, more particularly referred to in Table 1204(17) below, there are no other forms of remuneration and other payments and benefits, paid by the Group to Directors and/or key management personnel of the Company.</td>
</tr>
</table>

CORPORATE GOVERNANCE

ACCOUNTABILITY AND AUDIT		
Risk Management and Internal Controls		
Principle 9	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.	The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders. Please refer to Provisions 9.1 to 9.2 below for more details and instances of the Company's compliance with such principle.
Provision 9.1	The Board determines the nature and extent of the significant risks which the company is willing to take in achieving its strategic objectives and value creation. The Board sets up a Board Risk Committee to specifically address this, if appropriate.	The Board has not set up a specific Board Risk Committee, but for the purposes of risk management and internal controls, is assisted by the ARC. Together, they oversee the management in the area of risk management and internal control system and also determines the Company's risk appetite and tolerance level. The Board regularly reviews and improves the Company's business and operational activities to identify areas of significant risks and their respective risk exposure and tolerance ratings as well as mitigating control measures and reported to the ARC and the Board annually. In addition, Management highlights to and discusses salient risk management matters (if any) with the Board on a quarterly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

Provision 9.2	The Board requires and discloses in the company's annual report that it has received assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the company's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the company's risk management and internal control systems.	The Board has received assurance from: (a) the CEO and the CFO that the Group's financial records have been properly maintained and the financial statements for the period under review give a true and fair view of the Group's operations and finances; and (b) the CEO, the CFO, the Director of Operations and the General Manager (collectively "**key management personnel**") that the system of risk management and internal controls in place within the Group is adequate and effective in addressing the risks which the Group considers relevant and material to its business operations. The key management personnel has obtained similar assurances from the heads of operational and corporate departments in the Group on the risk management and internal control systems within their respective scope, to support their assurance statement to the Board.
General	The Board's annual review of the internal controls and risk management systems	As mentioned in Provision 9.1 above, in assessing the need to establish a separate risk committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the Board, after having discussed with the members of the ARC (previously named the Audit Committee) and the Board members, resolved that the function of the risk committee is best carried out by the ARC with the assistance of the IA and in this connection in line with its enhanced role, the Audit Committee was renamed ARC in 2017.

CORPORATE GOVERNANCE

		During FY2019, the following were performed to review the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls: (a) Board Committee meetings were held with the key management personnel to discuss and review the financial and operational (including compliance issues) performance of the Group. Internal control issues, where applicable, were discussed and addressed during such meetings; (b) An internal audit was performed by the Internal Auditors (the "**IA**") and significant internal control matters were highlighted to the CFO and key management personnel and appropriately addressed. The results of the internal audit were presented and approved by the ARC; (c) An external audit was performed by the EA and control gaps in financial controls were highlighted to the CFO and key management personnel and appropriately addressed. The controls gaps were presented and reviewed by the ARC; (d) Discussions were held between the ARC, IA and EA in the absence of the key management personnel to and address any potential concerns; and (e) Key management personnel regularly evaluates, monitors and reports to the ARC on material risks and a set of risk registers is maintained, updated and presented to the ARC annually. The Board has also received assurance from the CEO, CFO and key management personnel as set out in Provision 9.2 above.

CORPORATE GOVERNANCE

		Based on the internal controls established and maintained by the Group, work performed by the IA and EA, and reviews performed by management and various Board Committees, the Board, with the concurrence of the ARC, is of the opinion that the internal controls and risk management systems, addressing financial, operational, compliance and information technology risks, were adequate and effective for the FY2019 after considering the needs of the Group in its current business development. Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.
Audit Committee		
Principle 10	The Board has an Audit Committee which discharges its duties objectively.	The Board has established the ARC in compliance with Principle 10. Please refer to Provisions 10.1 to 10.5 below for more details and instances of the Company's compliance with such principle.
Provision 10.1	The duties of the AC include: (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the company and any announcements relating to the company's financial performance;	The ARC was tasked by the Board to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. The duties and roles of the ARC are guided by the following key terms of reference: (a) assist the Board in discharge of its responsibilities on financial reporting matters; (b) review, with the EA and IA, the audit plans, scope of work, their evaluation of the system of internal accounting controls including financial, operational, compliance and information technology controls and risk management, their management letter and our management's response, and results of our audits compiled by the EA and IA;

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	(b) reviewing at least annually the adequacy and effectiveness of the company's internal controls and risk management systems; (c) reviewing the assurance from the CEO and the CFO on the financial records and financial statements; (d) making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors; (e) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the company's internal audit function; and	(c) review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements; (d) reviewing annually the effectiveness and adequacy of the internal control and procedures, addressing financial, operational, compliance and information technology risks and ensure co-ordination between IA and EA, and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary); (e) review the adequacy, effectiveness, scope and results of the external audit and internal audit function, and the independence and objectivity of the EA; (f) review and discuss with the EA any suspected fraud or irregularity, of suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response; (g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the EA, and approving the remuneration and terms of engagement of the EA; (h) review significant financial reporting issues and judgments with the Head of Finance and the EA so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;

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	(f) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns.	(i) review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Head of Finance and the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA; (j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any); (k) review any potential conflicts of interest; (l) review and approve all hedging policies and instruments (if any) to be implemented by the Group; (m) review the assurance from the CEO and the CFO on the financial records and the financial statements; (n) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the ARC; (o) review and establish procedures for receipt, retention and treatment of complaints received by the Group such as criminal offences involving our Group or its employees, questionable accounting, improprieties in financial reporting, auditing, business, safety or other matters that impact negatively on the Group; (p) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and (q) generally undertake such other functions and duties as may be required by statute or the Catalist Rule, and by such amendments made thereto from time to time.

CORPORATE GOVERNANCE

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<td>The Company has incorporated a whistle-blowing policy. The Company's staff may and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to the ARC Chairman:–
<table>
<tr><th>Name</th><th>Email Address</th></tr>
<tr><td>Lim Kee Way Irwin</td><td>gs@whistleblow.com.sg</td></tr>
</table>
The ARC has ensured that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken. The details of the policy have also been disseminated and made available to all parties concerned in the Company's code of conduct.

There was no reported incident pertaining to whistle-blowing for FY2019.</td>
</tr>
<tr>
<td>Provision 10.2</td>
<td>The AC comprises at least three directors, all of whom are non-executive and the majority of whom, including the AC Chairman, are independent. At least two members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience.</td>
<td>The ARC comprises of four (4) Directors, majority of whom are Independent Directors, as follows:

(a) Mr. Chong Eng Wee (Lead Independent Director);

(b) Mr. Chan Chun Kit (Independent Director);

(c) Mr. Lim Kee Way Irwin (Independent Director); and

(d) Mr. Liu Changsheng (Non-independent and Non-executive Director).

The chairman of the ARC is Mr. Lim Kee Way Irwin, who is an Independent Director. At least two of ARC members, being the Chairman Mr. Lim Kee Way Irwin and Mr. Chan Chun Kit, have recent and relevant accounting or related financial management expertise and/or experience.</td>
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Provision 10.3	The AC does not comprise former partners or directors of the company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.	None of the members of the ARC (a) is a former partner or director of the Company's existing auditing firm or auditing corporation within the previous two years or (b) hold any financial interest in the auditing firm or auditing corporation.
Provision 10.4	The primary reporting line of the internal audit function is to the AC, which also decides on the appointment, termination and remuneration of the head of the internal audit function. The internal audit function has unfettered access to all the company's documents, records, properties and personnel, including the AC, and has appropriate standing within the company.	The Company's internal audit function is outsourced to BDO LLP, which reports directly to the ARC Chairman (who decides on the appointment, termination and remuneration of the head of the internal audit function) and administratively to the CEO and CFO. The ARC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. The ARC is satisfied that the IA is adequately qualified (given, *inter alia*, its adherence to standards set by internationally recognised professional bodies) and resourced, and has the appropriate standing in the Company to discharge its duties effectively. The EA have unrestricted access to the ARC.
Provision 10.5	The AC meets with the external auditors, and with the internal auditors, in each case without the presence of Management, at least annually.	The ARC meets with the EA and IA in the absence of key management personnel to review any matter that might be raised in FY2019 as required.

CORPORATE GOVERNANCE

<table>
<tr>
<td>General</td>
<td>ARC's annual review of the independence/ re-appointment of the EA.</td>
<td>
The ARC reviews the independence of the EA annually. The ARC has conducted an annual review of the non-audit services provided by the EA as part of the ARC's assessment of the EA's independence.
The ARC is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the EA, and is satisfied with the EA's confirmation of their independence. The ARC has recommended to the Board the re-appointment of Baker Tilly TFW LLP as auditors of the Company. The aggregate amount of audit fees paid/payable to the EA in FY2019 are as follows:
<table>
<tr><td colspan="3">Table 10.5 – Fees Paid/Payable to the EA for FY2019</td></tr>
<tr><td></td><td>S$</td><td>% of total</td></tr>
<tr><td>Audit fees</td><td>140,000</td><td>84%</td></tr>
<tr><td>Non-audit fees</td><td></td><td></td></tr>
<tr><td>– Tax compliance</td><td>16,000</td><td>10%</td></tr>
<tr><td>– Sustainability report</td><td>10,000</td><td>6%</td></tr>
<tr><td>Total</td><td>166,000</td><td>100%</td></tr>
</table>
</td>
</tr>
<tr>
<td>General</td>
<td>What are the ARC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td>
<td>The ARC keeps abreast of relevant changes to accounting standard and other issue through attendance at relevant seminars or talks, articles and news circulated by the management and updates by the EA and IA at ARC meetings.</td>
</tr>
</table>

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STAKEHOLDER RIGHTS AND ENGAGEMENT		
Shareholders' Rights		
Principle 11	The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.	The Company has complied with Principle 11. Please refer to Provisions 11.1 to 11.6 below for more details and instances of the Company's compliance with such principle.
Provision 11.1	The company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders.	Effective participation at meetings The Company's corporate governance practices promote the fair and equitable treatment to all Shareholders. To facilitate Shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and on-going basis via SGXNET, as well as through the AGM, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable Shareholders to make informed decisions in respect of their investments in the Company particularly during general meetings.

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		Shareholders are informed of general meetings through reports or circulars sent to all Shareholders in addition to notices published in the newspapers and the Company's announcements via SGXNET on a timely basis. In order to provide ample time for the Shareholders to review the matters to be discussed in the meetings, the notice of general meetings, together with the Annual Report, is despatched to all Shareholders at least 14 days (if no special resolution) before the scheduled meeting date. All registered Shareholders are invited to attend and participate actively in the general meetings and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed resolutions to be debated and decided upon. Voting at meetings All Shareholders are entitled to vote in accordance with the established voting rules and procedures. All resolutions are put to vote by poll, and the results of the poll voting on each resolution tabled at general meeting, including the number of votes cast for and against of each resolution and the respective percentages, are announced after each general meeting, via SGXNET. Informing Shareholders of general meeting rules The rules governing general meetings of Shareholders, including the voting process, were explained by the scrutineers at such general meetings.
Provision 11.2	The company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting.	Resolutions submitted at the Shareholders' meetings are separate and not bundled or made inter-conditional on each other, unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are bundled, the Company will explain the reasons and material implications. The tabling of separate resolutions gives Shareholders the right to express their views and exercise their voting rights on each resolution separately. Information is also provided on each resolution to enable Shareholders to exercise their vote on an informed basis.

CORPORATE **GOVERNANCE**

<table>
<tr>
<td>Provision 11.3</td>
<td>All directors attend general meetings of shareholders, and the external auditors are also present to address shareholders' queries about conduct of audit and the preparation and content of the auditors' report. Directors' attendance at such meetings held during the financial year is disclosed in the company's annual report.</td>
<td>
The Company requires all Directors (including each respective chairman of the Board Committees) to be present at all general meetings of Shareholders, unless in the event of exigencies. The EA is also required to be present to address Shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.
The number of General meetings held and the attendance of each board member at the General meetings for FY2019 are as follows:–
<table>
<tr><th colspan="5">Table 11.3 – Attendance of Directors at General Meetings</th></tr>
<tr><th rowspan="2">Name of Director</th><th colspan="2">Extraordinary/ Special General Meeting</th><th colspan="2">Annual General Meeting</th></tr>
<tr><th>No. of Meetings Held</th><th>No. of Meetings Attended</th><th>No. of Meeting Held</th><th>No. of Meeting Attended</th></tr>
<tr><td>Pang Pok</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Lee Dah Khang#</td><td>3</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Chua Kern#</td><td>3</td><td>–</td><td>1</td><td>–</td></tr>
<tr><td>Chow Kek Tong#</td><td>3</td><td>2</td><td>1</td><td>1</td></tr>
<tr><td>Chan Chun Kit*</td><td>3</td><td>1</td><td>1</td><td>–</td></tr>
<tr><td>Chong Eng Wee</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Liu Changsheng</td><td>3</td><td>3</td><td>1</td><td>1</td></tr>
<tr><td>Lim Kee Way Irwin*</td><td>3</td><td>1</td><td>1</td><td>–</td></tr>
<tr><td>Zhang Rongxuan*</td><td>3</td><td>1</td><td>1</td><td>–</td></tr>
</table>
Mr. Chow Kek Tong resigned as Independent Director on 30 April 2019. Mr. Lee Dah Kang has retired as Independent Director on 26 April 2019. Mr. Chua Kern has resigned on 10 January 2019.
* Mr. Lim Kee Way Irwin and Mr. Chan Chun Kit were appointed as Independent Director on 3 May 2019. Mr. Zhang Rongxuan was appointed as a Non-independent and Non-executive Director on 3 September 2019.
</td>
</tr>
</table>

CORPORATE GOVERNANCE

Provision 11.4	The company's Constitution (or other constitutive documents) allow for absentia voting at general meetings of shareholders.	As the authentication of Shareholders' identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax. Notwithstanding the foregoing, Shareholders may appoint up to two proxies to attend and vote on their behalf. Pursuant to the introduction of the multiple proxies regime under the Companies Act, Shareholders who are relevant intermediaries includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund Board which purchases shares on behalf of the Central Provident Fund investors are allowed to appoint more than two proxies to attend, speak and vote at general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by the relevant Shareholder.
Provision 11.5	The company publishes minutes of general meetings of shareholders on its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and Management.	The proceedings of the general meetings are properly recorded, including all comments and/or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management to such comments and/or queries. All minutes of general meetings will be posted on the Company's website as soon as practicable. The Company also ensures that all material information relating to the Group is disclosed in an accurate and timely manner through publication on SGXNET and is made available to everyone, including Shareholders.
Provision 11.6	The company has a dividend policy and communicates it to shareholders.	The Company does not have a fixed dividend policy. Nonetheless, in considering dividend declaration, the Company will take into account the following factors: (a) Group's financial position, results of operations and cash flow; (b) ability of the subsidiaries to make dividends payments to the Company; (c) expected working capital requirements to support Group's future growth;

CORPORATE GOVERNANCE

		(d) actual and projected financial performance; (e) general economic conditions and such other external factors that the Directors believe to have an impact on the business operations of the Group; and (f) any other factors deemed relevant by the Directors at the material time.
Engagement with Shareholders		
Principle 12	The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.	The Company is of the view that it has communicated regularly with its shareholders and facilitated the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company, in accordance with Principle 12. Please refer to Provisions 12.1 to 12.3 below for more details and instances of the Company's compliance with such principle.
Provision 12.1	The company provides avenues for communication between the Board and all shareholders, and discloses in its annual report the steps taken to solicit and understand the views of shareholders.	Information will first be disseminated through SGXNET and where relevant, followed by news release and the Company's website such as to ensure periodic communication with the Shareholders throughout the financial year. The Company will also make announcements from time to time to update investors and Shareholders on developments that are of interest to them. The Company strives to supply Shareholders with reliable and timely information so as to strengthen the relationship with its Shareholders based on trust and accessibility. The Board also encourages Shareholders' participation at the AGMs as explained in Provision 11.1 above.

CORPORATE GOVERNANCE

Provision 12.2	The company has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with shareholders.	The Company does not have an investor relation policy in place. Nonetheless, the Board's policy is that all Shareholders should be informed simultaneously in an accurate and comprehensive manner regarding all material developments that impact the Group via SGXNET on an immediate basis, in line with the Group's disclosure obligations pursuant to the Catalist Rules and the Companies Act. There is no dedicated investor relations team in place as the Board was of the view that the current communication channels are sufficient and cost-effective. The Company's investor relations function is led by the CFO who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media. The Company has also engaged a public relations firm, 8PR Asia, which assists the Company in releasing press releases and other market communications, from time to time and on ad-hoc basis.
Provision 12.3	The company's investor relations policy sets out the mechanism through which shareholders may contact the company with questions and through which the company may respond to such questions.	Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website. The Company have procedures in place for responding to investors' queries.
MANAGING STAKEHOLDER RELATIONSHIPS		
Engagement with Stakeholders		
Principle 13	The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.	The Board is of the view that it has adopted an inclusive approach by considering and balancing the needs and interests of material stakeholders, so as to ensure that the best interests of the Company are served. Please refer to Provisions 13.1 to 13.3 below for more details and instances of the Company's compliance with such principle.

CORPORATE GOVERNANCE

Provision 13.1	The company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups.	The Company takes a strategic and pragmatic approach in managing stakeholders' expectations to support its long-term strategy. A sustainability governance structure and framework was put in place to identify, engage with, and manage material environment, social and governance factors which are important to stakeholders and to the Group.
Provision 13.2	The company discloses in its annual report its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period.	More information on the Group's material stakeholders, sustainability efforts (including its strategy and key areas of focus), and performance in this regard will be disclosed in the sustainability report for FY2019 to be published on a standalone basis by end of May 2020.
Provision 13.3	The company maintains a current corporate website to communicate and engage with stakeholders.	The Company maintains its corporate website at https://gsholdings.com.sg to communicate and engage with stakeholders.
COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	**Rule Description**	**Company's Compliance or Explanation**
711A and 711B	Sustainability Reporting	The sustainability report for financial year ended 31 December 2019 will be published on a standalone basis by end of May 2020.
712, 715 or 716	Appointment of auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors.

CORPORATE **GOVERNANCE**

1204(8)	Material contracts	As stated in the Company's announcement pertaining to the appointment of Mr. Zhang Rongxuan as Non-Independent and Non-Executive Director (currently Non-Independent and Non-Executive Chairman) of the Company on 3 September 2019, Mr. Zhang Rongxuan is also the 100% shareholder of Henan Jufeel Technology Group Co., Ltd. ("**Henan Jufeel**") and is the President, Chief Executive Officer and Director of Jufeel International Group. Wish Hospitality Holdings Private Limited ("**Wish**"), a subsidiary of the Company, has entered into a master service agreement with Henan Jufeel on 8 March 2019 (the "**Master Service Agreement**"), to secure, on a best effort basis, at least 200 current and future food and beverages outlets located in various parts of the world within 2 years from the date of the Master Service Agreement, as customers in respect of the business, operation and procurement business of the Group. Please refer to the announcement dated 8 March 2019 for more information on Wish and the Master Service Agreement. Save as otherwise disclosed above and elsewhere in this annual report, there were no material contracts entered into by the Group involving the interest of the CEO, any Director, or controlling shareholder, which are either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	The Board and the ARC are of the opinion that the internal controls are effective and adequate to address the financial, operational, compliance and information technology risks based on the following: • internal controls and the risk management system established by the Company; • work performed by the IA and EA; • assurance from the CEO and CFO; • assurance from the CEO and Key Management Personnel; and • reviews done by the various Board Committees and key management personnel.
1204(10C)	ARC's comment on Internal Audit Function	The ARC assesses the adequacy and effectiveness of the internal audit function annually and ensures that the internal audit function is adequately resourced and has appropriate standing within the company.
1204(17)	Interested persons transaction ("**IPT**")	The Group has procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the ARC and that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

CORPORATE **GOVERNANCE**

The following are IPTs which value exceeds S$100,000 transacted during FY2019:

Table 1204(17)

Name of Interested Person	**Nature of relationship**	**Aggregate value of all IPTs during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)**	**Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)**
		S$'000	**S$'000**
Hao Kou Wei Pte Ltd	Note (1)	144	33
Pang Pok	Note (2)	252	–
Hawker Management Pte Ltd	Note (3)	–	595
Liu Chang Sheng	Note (4)	58	–

Notes:

(1) S$144,000 relates to the rental paid/payable by Hao Kou Wei Pte Ltd ("**HKW**") from 1 January 2019 to 31 March 2019 pursuant to the supplemental lease agreements dated 1 November 2017, 1 May 2018 and 1 November 2018 to a lease agreement dated 1 December 2014. S$33,000 relates to cleaning services provided to the Company from 1 January 2019 to 31 March 2019. Following the completion of the acquisition of HKW by the Group on 1 April 2019, HKW is now an indirect wholly-owned subsidiary of the Company. Prior to the acquisition, HKW was wholly-owned by Ms. Ang Siew Kiock, spouse of the Company's Chief Executive Officer and Executive Director, Mr. Pang Pok.

(2) S$252,000 relates to the rental paid/payable by HKW to Mr. Pang Pok, the Company's Chief Executive Officer and Executive Director, from 1 April 2019 to 31 December 2019 pursuant to the lease agreement dated 7 December 2018.

(3) Relates to cleaning services provided to Hawker Management Pte Ltd., a wholly-owned subsidiary of Koufu Group Limited. Both Hawker Management Pte Ltd and Koufu Group Limited are indirectly wholly-owned by Mr. Pang Lim and his spouse, brother of the Company's Chief Executive Officer and Executive Director, Mr. Pang Pok.

(4) Relates to consultancy fee paid to Mr Liu Changsheng, the Company's Non-Independent and Non-Executive Director, from July to December 2019 for his advisory services on the Group's BOP business

CORPORATE GOVERNANCE

1204(19)	Dealing in securities	The Company has adopted an internal policy which prohibits the Company, its Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information. The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to its sponsor, UOB Kay Hian Private Limited, for FY2019.
1204(22)	Use of proceeds	(A) Placement Pursuant to the placement of 26,675,555 new ordinary shares in the capital of the Company to Marvel Earn Limited and Chong Paw Long which was fully completed on 5 April 2019, the Company raised net proceeds of approximately S$4.7 million ("**Net Proceeds**"). Please refer to the Company announcements dated 17 December 2018, 3 January 2019, 7 January 2019, 25 March 2019, 5 April 2019, 30 April 2019, 1 July 2019, 13 August 2019 and the circular dated 11 February 2019 for further details. As at the date of this Report, there is no material disbursement of the Net Proceeds following the last update by the Company on 15 January 2020 on the use of Net Proceeds. (B) Convertible Loan The Company refers to the Company's announcement dated 17 December 2018 on the entry into convertible loan agreement for an aggregate amount of RMB68 million (or approximately S$13.6 million). Following the Company's last update on 13 August 2019 on the use of convertible loan, the Company had fully repaid the convertible loan of approximately S$1.6 million in December 2019. As at the date of this Report, there is no disbursement of the convertible loan.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of GS Holdings Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position and statement of changes in equity the Company for the financial year ended 31 December 2019.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 90 to 187 are drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors in office at the date of this statement are:

Pang Pok	
Chong Eng Wee (Zhang Yingwei)	
Liu Changsheng	
Lim Kee Way Irwin	(Appointed on 3 May 2019)
Chan Chun Kit	(Appointed on 3 May 2019)
Zhang Rongxuan	(Appointed on 3 September 2019)

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as follows:

	Number of ordinary shares					
	Shareholdings registered in the name of the director			Shareholding in which a director is deemed to have an interest		
Name of directors	At 1.1.2019	At 31.12.2019	At 21.1.2019	At 1.1.2019	At 31.12.2019	At 21.1.2020
The Company						
Pang Pok	**48,190,000**	**2,079,705**	**2,079,705**	**50,000,000**[(1)]	**104,000,000**[(2)]	**95,000,000**[(2)]

(1) As at 1.1.2019, the director, Mr Pang Pok is deemed to have interest in the 50,000,000 ordinary shares held through UOB Nominees Private Limited in the Company.

(2) As at 31.12.2019 and 21.1.2019, the director, Mr Pang Pok is deemed to have interest in the 50,000,000 and 40,000,000 ordinary shares held through UOB Nominees Private Limited and BMO Private Bank respectively in the Company. As at 31.12.2019, by virtue of Section 164(15) of the Act, Mr Pang Pok is deemed to have an interest in 14,000,000 (21.1.2020: 5,000,000) ordinary shares held by his spouse in the Company.

The director, Mr Pang Pok, by virtue of Section 7 of the Act is deemed to have interest in the shares held by the Company in its wholly owned subsidiary companies.

Mr Pang Pok, by virtue of his interest not less than 20% of the issued share capital of the Company is deemed to have an interest in the shares held by the Company in the following subsidiary corporations that are not wholly-owned by the Group:

	Number of ordinary shares	
	At 1.1.2019	At 31.12.2019
GS Hospitality Services Pte. Ltd.	**55,000**	**-**
Wish Hospitality Holdings Private Limited	**-**	**400**
Raffles Brands Pte. Ltd.	**-**	**51**

Share options

The GS Holdings Employee Share Option Scheme (the "GS Holdings ESOS") as well as a performance share plan known as the GS Holdings Performance Share Plan (the "GS Holdings PSP") were first approved and adopted by the members at the Shareholders' meeting held on 17 December 2015. The GS Holdings ESOS and GS Holdings PSP were renewed at the extraordinary general meeting held on 26 April 2019.

DIRECTORS' STATEMENT

Share options (Continued)

The GS Holdings ESOS and GS Holdings PSP were administered by Remuneration Committee comprising three directors, Chan Chun Kit, Liu Changsheng, Chong Eng Wee and Lim Kee Way Irwin. The Chairman of the Remuneration Committee is Chan Chun Kit. A member of the Remuneration Committee who is also a participant of the GS Holdings ESOS and GS Holdings PSP will not be involved in its deliberation in respect of awards granted or to be granted to him.

GS Holdings ESOS

Information regarding the GS Holdings ESOS is set out below:

(a) The exercise price of the options is determined by Market Price equal to the average of the last dealt prices for a Share on the Official List of the SGX-ST for the five (5) consecutive market days immediately preceding the date on which an offer to grant an option is made or at a discount to the Market Price (subject to a maximum discount of 20%);

(b) The options vest 12 months after the grant date and expire one year after vesting date unless cancelled or lapsed prior to that date.

(c) Share options outstanding at the end of the financial year, details of the options granted under the Scheme on the unissued shares of $0.418 each of the Company are as follows:

Number of options to subscribe for ordinary shares of the Company

Date of grant of option	Exercise price per share	Options outstanding at 1.1.2019	Options granted	Cancelled/ lapsed	Options outstanding at 31.12.2019	Exercisable period
25 September 2019	**$0.418**	-	**3,300,000**	-	**3,300,000**	25 September 2020 to 24 September 2021
Total		-	**3,300,000**	-	**3,300,000**	

Except as disclosed, there were no unissued shares of the Company or its subsidiary corporations under options granted by the Company or its subsidiary corporations as at the end of the financial year.

DIRECTORS' STATEMENT

Share options (Continued)

GS Holdings ESOS (Continued)

(d) The details of the movement of the share options awarded during the financial year since commencement of the GS Holdings ESOS (aggregate) are as follows:

GS Holdings ESOS participants	Share options granted during the financial year	Aggregate share options granted since commencement of GS Holdings ESOS to 31 December 2019	Share options vested during the financial year	Aggregate share options outstanding as at 31 December 2019
Directors				
Chong Eng Wee	500,000	**500,000**	–	**500,000**
Chan Chun Kit	500,000	**500,000**	–	**500,000**
Lim Kee Way Irwin	500,000	**500,000**	–	**500,000**
Liu Changsheng	600,000	**600,000**	–	**600,000**
Zhang Rongxuan	600,000	**600,000**	–	**600,000**
Key executive of the Group	600,000	**600,000**	–	**600,000**
Total	3,300,000	**3,300,000**	–	**3,300,000**

The outstanding options represents approximately 1.78% of the Company's total number of issued shares as at 31 December 2019.

GS Holdings PSP

The GS Holdings PSP contemplates the award of fully paid shares free of charge to participants after pre-determined performance or service conditions are accomplished. Awards granted under the GS Holdings PSP will be principally performance-based, incorporating an element of stretched targets for senior executives and significantly stretched targets for key senior management and non-executive directors aimed at delivering long-term shareholder value.

DIRECTORS' **STATEMENT**

Share options (Continued)

GS Holdings PSP (Continued)

The extension of the GS Holdings PSP to executive directors and employees of the Group, including those who are Controlling Shareholders and their Associates and non-executive directors (including our Independent Directors) of the Group allows the Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of the Group.

The GS Holdings PSP shall continue in operation for a maximum period of 10 years commencing on the date on which the GS Holdings PSP is adopted, provided that the GS Holdings PSP may continue beyond the above stipulated period with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The total number of shares which may be issued or transferred pursuant to the awards granted under the GS Holdings PSP, when added to (i) the number of shares issued or issuable and/or transferred or transferrable in respect of all awards granted thereunder; and (ii) all shares issued or issuable and/or transferred or transferrable under any other share incentive schemes adopted by the Company for the time being in force, shall not exceed 15% of the total issued share capital of the Company on the day preceding the relevant award date.

The details of the movement of the performance shares awarded during the financial year since commencement of the GS Holdings PSP (aggregate) are as follows:

GS Holdings PSP participants	Performance share awards granted during the financial year	Aggregate performance share awards granted since commencement of GS Holdings PSP to 31 December 2019	Performance share awards vested during the financial year	Aggregate performance share awards outstanding as at 31 December 2019
Former directors of the Group				
– Lee Dah Khang	42,000	**42,000**	42,000	**-**
– Chow Kek Tong	42,000	**42,000**	42,000	**-**
– Chua Kern	42,000	**42,000**	42,000	**-**
Existing director of the Group				
– Pang Pok	125,000	**125,000**	125,000	**-**
Key executives of the Group	302,000	**302,000**	302,000	**-**
Total	553,000	**553,000**	553,000	**-**

DIRECTORS' STATEMENT

Share options (Continued)

GS Holdings PSP (Continued)

Since the commencement of the GS Holdings PSP to the financial year ended 31 December 2019:

(a) restricted awards aggregating 126,000 shares have been granted to former directors of the Company as part of their directors' remuneration, and were vested immediately upon grant;

(b) restricted awards aggregating 125,000 shares have been granted to Mr Pang Pok, director of the Company as part of his director's remuneration, and were vested immediately upon grant; and

(c) restricted awards aggregating 302,000 shares have been granted to key executives of the Company as part of their key executives' remuneration, and were vested immediately upon grant.

During the financial year, a total of 553,000 new ordinary shares were issued pursuant to the GS Holdings PSP.

Warrants

On 22 April 2019, the Company issued 35,000,000 Warrants to Alto Vencap Pte. Ltd. ("Introducer") pursuant to the placement introducer agreement and convertible loan introducer agreement with Warrants, each warrant carrying the right to subscribe for one (1) share in the capital of the Company at the exercise price of S$0.18 per share pursuant to the Proposed Warrants Issue.

On 26 June 2019, the Company issued 11,764,705 Warrants to Mr Pang Pok ("Director") pursuant to the Loan Capitalisation, each warrant carrying the right to subscribe for one (1) share in the capital of the Company at the exercise price of S$0.255 per share pursuant to the Proposed Warrants Issue.

The movement of warrants during the financial year were as follows:

Date of issue	Exercise price per share	Options outstanding at 1.1.2019	Warrants granted	Cancelled/ lapsed	Warrants outstanding at 31.12.2019	Exercisable period
22 April 2019	**$0.18**	-	**35,000,000**	-	**35,000,000**	22 April 2019 to 21 April 2021
26 June 2019	**$0.255**	-	**11,764,705**	-	**11,764,705**	26 June 2019 to 25 June 2021
Total		-	**46,764,705**	-	**46,764,705**	

The outstanding convertible warrants represents approximately 25.3% of the Company's total number of issued shares as at 31 December 2019.

DIRECTORS' STATEMENT

Audit and Risk Committee

The Audit and Risk Committee comprises four members, majority of whom are independent directors. The members of the Audit and Risk Committee for the financial year and at the date of this report are:

Lim Kee Way Irwin (Chairman) (Appointed on 3 May 2019)
Chong Eng Wee (Appointed on 10 January 2019)
Liu Changsheng (Appointed on 10 January 2019)
Chan Chun Kit (Appointed on 3 May 2019)

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

(a) assist Board of Directors ("Board") in the discharge of its responsibilities on financial reporting matters;

(b) review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls including financial, operational, compliance and information technology controls and risk management, their management letter and our management's response, and results of audits compiled by internal and external auditors;

(c) review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(d) review the effectiveness and adequacy of our internal control and procedures, addressing financial, operational, compliance and information technology risks and ensure co-ordination between our internal and external auditors, and the management, review the assistance given by management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of our management where necessary);

(e) review the scope and results of the external audit, and the independence and objectivity of the external auditor;

(f) review and discuss with the external auditor any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

(g) make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;

DIRECTORS' STATEMENT

Audit and Risk Committee (Continued)

(h) review significant financial reporting issues and judgements with the Head of Finance and the external auditor so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before submission to the Board;

(i) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Head of Finance and the internal and external auditors, including financial, operation, compliance and information technology controls via reviews carried out by the internal auditor;

(j) review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(k) review any potential conflicts of interest;

(l) review and approve all hedging policies and instruments (if any) to be implemented by the Group;

(m) undertake such other reviews and projects as may be requested by Board and report to Board its findings from time to time on matters arising and requiring the attention of Audit and Risk Committee;

(n) review and establish procedures for receipt, retention and treatment of complaints received by the Group, such as criminal offences involving our Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group;

(o) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position; and

(p) generally to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The Audit and Risk Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

DIRECTORS' STATEMENT

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Pang Pok	Chong Eng Wee
Director	Director

15 April 2020

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of GS Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 90 to 187, which comprise the statements of financial position of the Group and of the Company as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Trade and Other Receivables

We draw attention to Note 18 to the financial statements.

The carrying amount of the Group's trade and other receivables is $23,832,000 (2018: $1,925,000) after deducting allowance for impairment losses of $13,000 (2018: $106,000) as at 31 December 2019. Included in the Group's trade and other receivables are trade receivables of $21,918,000 (RMB112,000,000) and other receivables of $1,566,000 (RMB8,000,000) owing from 14 Branding, Operations and Procurement ("BOP") outlets.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Emphasis of Matter – Trade and Other Receivables (Continued)

As disclosed in Note 18, Mr Pang Pok and Mr Zhang Rongxuan have collectively provided personal guarantees in respect of the entire outstanding receivables from the 14 BOP outlets as at 31 December 2019. Ms Zhang Liying, Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan have also collectively provided Securities in respect of the amount of the outstanding receivables recovered from the 14 BOP outlets and held by Ms Zhang Liying but not yet transferred to Wish Hospitality Holdings Private Limited's ("**Wish**") bank account. The Group has considered the personal guarantees and Securities and assessed that no credit loss allowance is required on these receivables.

We obtained an understanding from management about the current status of recovering the Group's outstanding receivables from the 14 BOP outlets as disclosed in Note 18 and assessed management's consideration of the adequacy of the personal guarantees and Securities provided with respect to the outstanding receivables. We sighted to the Deeds signed between the Company and Mr Pang Pok, Mr Zhang Rongxuan, Ms Zhang Liying and Mr Liu Changsheng as well as the Supplemental Deed signed between the Company and Mr Pang Pok as personal guarantees and Securities for the outstanding receivables. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Emphasis of Matter – Trade and Other Receivables* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Business combinations

i) *Acquisition of Hao Kou Wei Pte. Ltd. and its subsidiary, Rasa Sayang Village Pte. Ltd. ("Hao Kou Wei Group")*

On 1 April 2019, the Group, through Hawkerway Pte. Ltd., a wholly-owned subsidiary, completed the acquisition of the entire issued and paid-up share capital of Hao Kou Wei Group for a total consideration of $4,440,000 comprising $1,080,000 settled in cash and $3,360,000 satisfied by the issuance of 14,000,000 new ordinary shares of the Company. During the financial year, the Group completed the purchase price allocation ("PPA") arising from the acquisition of Hao Kou Wei Group and recognised intangible assets and goodwill of $575,000 and $3,905,000 respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Business combinations (Continued)

ii) *Acquisition of Sing Swee Kee Pte. Ltd. ("Sing Swee Kee")*

On 1 July 2019, the Group, through Hao Kou Wei Pte. Ltd., a wholly-owned subsidiary, completed the acquisition of the entire issued and paid-up share capital of Sing Swee Kee for a total consideration of $800,000 comprising $400,000 settled in cash on acquisition date and $400,000 in cash by or on such date falling six months subsequent to acquisition date. During the financial year, the Group completed the PPA arising from the acquisition of Sing Swee Kee and recognised intangible assets and goodwill of $340,000 and $468,000 respectively.

The Group's disclosure of the business combination accounting applied to the acquisition of Hao Kou Wei Group and Sing Swee Kee is set out in Notes 2(c), 4 and 15(c).

We focused on this area because of the quantitative impact of the acquisition on the consolidated financial statements. The PPA exercise also involves fair valuation of the consideration transferred, identification of the acquired identified assets and liabilities and contingent liabilities and their respective fair values requires the use of significant management's judgement and estimates. Management had engaged an independent external professional valuation expert to assist them with the PPA exercise for the acquisition of Hao Kou Wei Group and Sing Swee Kee.

Our procedures to address the key audit matter

We obtained and documented our understanding of management's process related to the acquisition accounting. We read the sales and purchase agreement and financial information of Hao Kou Wei Group and Sing Swee Kee and reviewed the accounting treatment in accordance with SFRS(I) 3 *Business Combinations.*

We assessed and evaluated the competence, objectivity, and capabilities of the external expert engaged by the Group. We obtained an understanding of the work of expert, evaluated the appropriateness of the fair values of the identifiable assets acquired and liabilities and contingent liabilities assumed. We also involved our valuation specialist in assessing and evaluating the reasonableness of key assumptions and methodologies used in the valuation. We evaluated the appropriateness of the useful life assigned to the identified intangible assets, having regard to the expected use of the assets. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

Impairment review of intangible assets

As at 31 December 2019, the Group recognised intangible assets of $4,935,000. The intangible assets had been allocated to certain cash generating units ("CGUs") as disclosed in Note 14 to the consolidated financial statements. Management has performed impairment assessment to determine the value-in-use of the respective CGUs.

INDEPENDENT **AUDITOR'S REPORT**

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Impairment review of intangible assets (Continued)

Impairment assessment of intangible assets is considered to be a key audit matter due to the significance of the assets to the Group's consolidated statement of financial position and the determination of the value-in-use of the CGUs by management involves the use of significant management's judgement and estimates. The estimation relates to the forecast revenue and results of the CGUs and discount rates applied to future cash flow projections as disclosed in Notes 4 and 14.

Our procedures to address the key audit matter

We obtained an understanding of management's impairment assessment process. We obtained the Group's value-in-use calculations. Key assumptions to the value-in-use calculations include budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate. We reviewed these key assumptions by comparing the forecasts to historical revenue achieved, historical costs incurred and gross margin achieved. We obtained management's assessment of the value-in-use calculations and evaluated the assessment for reasonableness. We involved our valuation specialist in evaluating the appropriateness of the discount rate used by management. We performed sensitivity analysis in the areas of budgeted revenue growth rate, terminal growth rate and discount rate assumptions. We have also assessed the adequacy and appropriateness of the disclosures made in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2019 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GS HOLDINGS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

15 April 2020

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	(Restated) 2018 $'000
Continuing operations			
Revenue	5	**35,684**	–
Cost of sales		**(5,467)**	(122)
Gross profit/(loss)		**30,217**	(122)
Other income	6	**362**	642
Administrative expenses		**(4,775)**	(766)
Finance costs	7	**(385)**	(22)
Net impairment loss on financial assets	31(b)	**(13)**	(17)
Profit/(loss) before tax from continuing operations	8	**25,406**	(285)
Tax expense	10	**(4,750)**	–
Profit/(loss) from continuing operations, net of tax		**20,656**	(285)
Discontinued operations			
Loss from discontinued operations, net of tax	11	**(2,776)**	(3,258)
Profit/(loss) for the financial year		**17,880**	(3,543)
Other comprehensive loss			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(50)**	–
Items that will be not be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(13)**	–
Other comprehensive loss for the financial year, net of tax		**(63)**	–
Total comprehensive income/(loss) for the financial year		**17,817**	(3,543)
Profit/(loss) attributable to:			
Equity holders of the Company		**13,101**	(3,552)
Non-controlling interests		**4,779**	9
		17,880	(3,543)
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations, net of tax		**15,877**	(286)
Loss from discontinued operations, net of tax		**(2,776)**	(3,266)
		13,101	(3,552)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	(Restated) 2018 $'000
Profit attributable to non-controlling interests relates to:			
Profit from continuing operations, net of tax		**4,779**	–
Profit from discontinued operations, net of tax		**–**	9
		4,779	9
Total comprehensive profit/(loss) attributable to:			
Equity holders of the Company		**13,051**	(3,552)
Non-controlling interests		**4,766**	9
		17,817	(3,543)
Total comprehensive income/(loss) attributable to equity holders of the Company relates to:			
Total comprehensive income/(loss) from continuing operations, net of tax		**15,827**	(286)
Total comprehensive loss from discontinued operations, net of tax		**(2,776)**	(3,266)
		13,051	(3,552)
Total comprehensive income attributable to non-controlling interests of the Company relates to:			
Total comprehensive income from continuing operations, net of tax		**4,766**	9
Earnings/(loss) per share for income/(loss) attributable to equity holders of the Company (expressed in cents per share)	12		
From continuing and discontinued operations			
Basic		**7.65**	(2.69)
Diluted		**5.91**	(2.69)
From continuing operations			
Basic		**9.27**	(0.22)
Diluted		**7.17**	(0.22)
From discontinued operations			
Basic		**(1.62)**	(2.47)
Diluted		**(1.26)**	(2.47)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	13	**2,518**	1,834	**–**	–
Intangible assets	14	**4,935**	–	**–**	–
Investment in subsidiaries	15	**–**	–	**9,012**	9,012
Investment properties	16	**3,680**	4,100	**–**	–
Total non-current assets		**11,133**	5,934	**9,012**	9,012
Current assets					
Inventories	17	**67**	18	**–**	–
Trade and other receivables	18	**23,832**	1,925	**113**	5,414
Cash and cash equivalents		**5,608**	1,328	**55**	1,169
		29,507	3,271	**168**	6,583
Non-current asset classified as held for sale	19	**–**	8,220	**1,917**	–
Disposal group assets classified as held for sale	11	**12,886**	–	**–**	–
Total current assets		**42,393**	11,491	**2,085**	6,583
Total assets		**53,526**	17,425	**11,097**	15,595
Non-current liabilities					
Loans and borrowings	21	**2,730**	6,400	**–**	–
Deferred tax liabilities	23	**91**	–	**–**	–
Total non-current liabilities		**2,821**	6,400	**–**	–
Current liabilities					
Trade and other payables	24	**2,662**	4,098	**1,140**	6,837
Amount due to a director	20	**–**	3,200	**–**	3,200
Loans and borrowings	21	**2,030**	3,188	**–**	–
Tax payable		**4,004**	–	**–**	–
		8,696	10,486	**1,140**	10,037
Liabilities directly associated with disposal group classified as held for sale	11	**10,751**	–	**–**	–
Total current liabilities		**19,447**	10,486	**1,140**	10,037
Total liabilities		**22,268**	16,886	**1,140**	10,037
Net assets		**31,258**	539	**9,957**	5,558

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		Group		Company	
	Note	**2019**	2018	**2019**	2018
		$'000	$'000	**$'000**	$'000
Equity					
Share capital	25	**20,469**	11,498	**20,469**	11,498
Reserves	26	**729**	(3,152)	**3,931**	–
Retained earnings/ (accumulated losses)		**5,293**	(7,794)	**(14,443)**	(5,940)
Equity attributable to equity holders of the Company, total		**26,491**	552	**9,957**	5,558
Non-controlling interests		**4,767**	(13)	**-**	–
Total equity		**31,258**	539	**9,957**	5,558

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company									
	Share capital (Note 25) $'000	Share options reserves (Note 26) $'000	Warrants reserve (Note 26) $'000	Currency translation reserve (Note 26) $'000	Merger reserve (Note 26) $'000	Asset revaluation reserve (Note 26) $'000	(Accumulated losses)/ retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group										
2019										
At 1 January 2019	11,498	-	-	-	(6,071)	2,919	(7,794)	552	(13)	539
Profit for the financial year	-	-	-	-	-	-	13,101	13,101	4,779	17,880
Other comprehensive loss										
Currency translation differences arising on consolidation	-	-	-	(50)	-	-	-	(50)	(13)	(63)
Total comprehensive (loss)/income for the financial year	-	-	-	(50)	-	-	13,101	13,051	4,766	17,817
Issue of ordinary shares (Note 25)	11,162	-	-	-	-	-	-	11,162	-	11,162
Shares issue expenses [Note 25(i)]	(2,326)	-	-	-	-	-	-	(2,326)	-	(2,326)
Issue of warrants [Note 27(ii)]	-	-	3,882	-	-	-	-	3,882	-	3,882
Issue of performance share awards [Note 25(iv)]	135	-	-	-	-	-	-	135	-	135
Issue of share options [Note 27(i)]	-	49	-	-	-	-	-	49	-	49
Acquisition of non-controlling interests without a change in control [Note 15(d)]	-	-	-	-	-	-	(14)	(14)	14	-
At 31 December 2019	20,469	49	3,882	(50)	(6,071)	2,919	5,293	26,491	4,767	31,258

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	← Attributable to equity holders of the Company				→		
	Share capital (Note 25) $'000	Merger reserve (Note 26) $'000	Asset revaluation reserve (Note 26) $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group							
2018							
At 1 January 2018	11,498	(6,071)	2,919	(5,242)	3,104	(22)	3,082
Loss and total comprehensive loss for the financial year	–	–	–	(3,552)	(3,552)	9	(3,543)
Waiver of amount due to a director (Note 20)	–	–	–	1,000	1,000	–	1,000
At 31 December 2018	11,498	(6,071)	2,919	(7,794)	552	(13)	539

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Share capital (Note 25) $'000	Warrants reserve (Note 26) $'000	Share options reserve (Note 26) $'000	Accumulated losses $'000	Total equity $'000
Company					
At 1 January 2019	**11,498**	**-**	**-**	**(5,940)**	**5,558**
Loss and total comprehensive loss for the financial year	**-**	**-**	**-**	**(8,503)**	**(8,503)**
Issue of ordinary shares (Note 25)	**11,162**	**-**	**-**	**-**	**11,162**
Share issue expenses [Note 25(i)]	**(2,326)**	**-**	**-**	**-**	**(2,326)**
Issue of warrants [Note 27(ii)]	**-**	**3,882**	**-**	**-**	**3,882**
Issue of performance share awards [Note 25(iv)]	**135**	**-**	**-**	**-**	**135**
Issue of share options [Note 27(i)]	**-**	**-**	**49**	**-**	**49**
At 31 December 2019	**20,469**	**3,882**	**49**	**(14,443)**	**9,957**
At 1 January 2018	11,498	–	–	(2,576)	8,922
Loss and total comprehensive loss for the financial year	–	–	–	(4,364)	(4,364)
Waiver of amount due to a director (Note 20)	–	–	–	1,000	1,000
At 31 December 2018	11,498	–	–	(5,940)	5,558

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	(Restated) 2018 $'000
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		**25,406**	(285)
Loss before tax from discontinued operations	11	**(2,776)**	(3,258)
		22,630	(3,543)
Adjustments for:			
Amortisation of government grants		**(148)**	(127)
Amortisation of intangible assets	14(b)	**366**	–
Depreciation of property, plant and equipment	13	**2,333**	1,362
Loss/(gain) on disposal of property, plant and equipment	11	**57**	(8)
Unwind of discount on convertible loan	7	**107**	–
Derecognition loss on convertible loan	8	**832**	–
Transaction costs relating to embedded derivative of convertible loan	8	**725**	–
Interest expenses	21	**792**	413
Impairment loss on non-current assets held for sale	11(iii)	**719**	–
Net impairment losses of financial assets		**310**	139
Property, plant and equipment written off		**-**	4
Fair value loss on investment properties	8	**420**	515
Share options expenses	27(i)	**49**	–
Operating cash flows before working capital changes		**29,192**	(1,245)
Changes in working capital:			
Inventories		**9**	21
Trade and other payables		**306**	456
Trade and other receivables		**(23,262)**	1,410
Currency translation adjustments		**(22)**	–
Cash generated from operations		**6,223**	642
Income tax paid		**(860)**	–
Net cash generated from operating activities		**5,363**	642
Cash flows from investing activities			
Purchases of intangible assets	14(b)	**(13)**	–
Purchase of investment property	16	**-**	(45)
Acquisition of non-controlling interests without a change in control	15(d)	**-***	–
Acquisition of subsidiaries, net of cash acquired	15(c)	**(758)**	–
Contribution from non-controlling interests		**-***	–
Proceeds from disposal of property, plant and equipment		**128**	22
Purchases of property, plant and equipment	13(v)	**(435)**	(69)
Net cash used in investing activities		**(1,078)**	(92)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	2019 $'000	(Restated) 2018 $'000
Cash flows from financing activities		
Interest paid	**(717)**	(413)
Loan from a director	**-**	1,200
Proceeds from convertible loan	**1,607**	–
Proceeds from issuance of new shares, net of expenses	**3,444**	–
Proceeds from advances for share placement	**-**	1,250
Proceeds from bank loans	**1,450**	45
Repayment to a director	**(200)**	–
Repayment of lease liabilities	**(1,834)**	(452)
Repayment of bank loans	**(2,140)**	(1,604)
Repayment of convertible loans	**(1,607)**	–
Net cash generated from financing activities	**3**	26
Net increase in cash and cash equivalents	**4,288**	576
Cash and cash equivalents at beginning of the financial year	**1,328**	752
Effects of foreign currency translation changes on cash and cash equivalents	**10**	–
Cash and cash equivalents at end of the financial year	**5,626**	1,328

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Note	2019 $'000	2018 $'000
Cash and cash equivalents			
– Continuing operations		**5,608**	1,328
– Discontinued operations	11	**431**	–
		6,039	1,328
Less: Bank overdraft	21	**(413)**	–
Cash and cash equivalents per consolidated statement of cash flows		**5,626**	1,328

* Amount below $1,000

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

GS Holdings Limited (the "Company") (Co. Reg. No. 201427862D) is incorporated and domiciled in Singapore and is listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office of the Company and principal place of business is at 8 Loyang Way 4, Singapore 507604.

The principal activity of the Company is an investment holding company. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are presented in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ("$'000") except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ["SFRS(I)"]. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no significant judgements made in applying accounting policies. The areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 4 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

New and revised standards

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ["SFRS(I) INT"] that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as discussed in Note 3.

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 December 2019 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

(b) Revenue recognition

Rendering of dishwashing and automated cleaning services

The Group provides dishwashing services and automated cleaning services and solutions. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised when the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's cleaning services.

The Group will bill customer on monthly basis in accordance to the billing terms in the sales contract and customers are required to pay within 15-60 days from the invoice date. No element of financing is deemed present. Revenue is recorded based on the contracted price in the sales invoice and sales contract. A receivable (financial asset) is recognised on monthly basis when the cleaning services are rendered over time and the consideration is unconditional because only the passage of time is required before payment is due.

Sale of equipment and crockeries

The Group sells equipment and crockeries. Revenue is recognised at the point in time when the goods are delivered to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation ("PO"). Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. No element of financing is deemed present as the sales are made with a credit term of 15-60 days from invoice date. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue recognition (Continued)

Sale of food and beverages

The Group sells food and beverage directly to customers at the food outlets. Revenue is recognised when control of the food and beverages has transferred and all criteria for acceptance have been satisfied, being at the point the food and beverage have been served or upon delivery to the customer at the food outlets. The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of sales discounts and refunds. Payment of the transaction price is either due immediately at the point the customer purchases the products or upon initial recognition of revenue, a receivable is recognised as the consideration is unconditional because only the passage of time is required before the payment is due. No element of financing is deemed present as the consideration is repayable on demand.

Provision of management consultancy services

The Group provides management consultancy services with relation to Branding, Operations and Procurement ("BOP") services to its customers and earns management consultancy services based on the agreements entered upon. BOP services are recognised as performance obligation satisfied over time with measure of progress based on service report acknowledged by customers on the work performed that directly corresponds to the value of the Group's performance completed to date.

The Group will bill its customers at the start of every quarter in accordance to the billing terms in the agreement and customers are required to pay within the first three working days of the corresponding quarter. No element of financing is deemed present.

Rental income from foodstalls

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Service income

Service income is recognised as a performance obligation satisfied over time. Revenue is recognised when the services are rendered as the customer simultaneously receives and consumes the benefits provided by the Group's services. No element of financing is deemed present.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting date. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. Under this method, the Company has been treated as the holding company of the subsidiaries as if the combination had occurred from the date the subsidiaries first came under the control of the same shareholders. Accordingly, the results of the Group include the results of the subsidiaries for the entire periods under review. Such manner of presentation reflects the economic substance of the companies, which were under common control throughout the relevant period, as a single economic enterprise, although the legal parent-subsidiary relationships were not established.

Pursuant to this:

- Assets and liabilities are reflected at their existing carrying amounts;
- No adjustments are made to reflect the fair values on the date of combination or recognise any new assets or liabilities;
- No additional goodwill is recognised as a result of the combination;
- Prior to the issue of shares by the Company, the aggregate equity of the subsidiaries held directly by the Company is shown as the Group's equity for financial years under review; and
- Any difference between the consideration paid by the Company and the equity 'acquired' is reflected within the equity of the Group as merger reserve.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(c) **Basis of consolidation** (Continued)

All other business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(f). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquirers net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and any corresponding gain or loss, if any, is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (Continued)

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (Continued)

Depreciation is calculated on a straight-line basis to write off the cost off the depreciable amounts of the property, plant and equipment over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold property	35 – 38
Vehicles	2 – 10
Machineries and equipment	3 – 6
Furniture and fittings	3
Crockeries	3
Renovation	3 – 10
Foodstalls	1 – 5
Workspace	2 – 4

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

(f) Intangible assets

Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units ("CGU") to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(f) **Intangible assets** (Continued)

Goodwill (Continued)

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Acquired computer software

Acquired computer software are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Acquired computer software are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful life of 3 years.

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. These intangible assets are recognised separately from goodwill and are initially measured at their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged to profit or loss in the financial year in which the expenditure is incurred.

Intangible assets with a finite useful life are amortised on a straight-line basis over their estimated useful lives. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible asset with a finite useful life is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost of disposal and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Intangible assets (Continued)

Other intangible assets (Continued)

The estimated useful lives are as follows:

	Years
Favourable lease agreement	3
Customer relationship	3
Brand name	20

(g) Investment properties

Investment properties are properties that are either owned by the Group that are held to earn rentals or for capital appreciation, or both, rather than for use in the supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties.

Investment properties are initially measured at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

(h) Impairment of non-financial assets excluding goodwill

At each reporting date, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Impairment of non-financial assets excluding goodwill (Continued)

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

(i) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(i) **Financial assets** (Continued)

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost.

The classification is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Subsequent measurement

Debt instruments include cash and cash equivalents, trade and other receivables (excluding GST receivables and prepayments). These are subsequently measured at amortised cost based on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (Continued)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Cash and cash equivalents in the consolidated statement of cash flows

For the purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(l) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

Borrowings

Borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings which are due to be settled within 12 months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Group's normal operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of the reporting period are included in non-current borrowings in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Financial liabilities (Continued)

Convertible loan

Convertible loan issued by the Group that contain underlying liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an embedded derivative. At the date of issue, the embedded derivative is recognised at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability.

In subsequent periods, the liability component of the convertible loan is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The embedded derivative is measured at fair value with changes in fair value recognised in profit or loss.

When the convertible loan is converted, the carrying amount of the liability portion together with the fair value of the embedded derivative at the time of conversion are transferred to share capital as consideration for the shares issued. When the convertible loan is redeemed, and difference between the redemption amount and the carrying amounts of both components is recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan is allocated to the liability and embedded derivative in proportion to the allocation of the proceeds. Transaction costs relating to the embedded derivative is recognised in profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of assets arising from the acquisition or use of assets (Note 13). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related asset unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

(n) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

(o) Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

(p) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(q) Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

(r) Leases

The accounting policy for leases before 1 January 2019 is as follows:

When a Group entity is the lessee:

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance costs. The corresponding lease obligations, net of finance costs, are included in loans and borrowings. The finance cost is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Operating leases

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(r) **Leases** (Continued)

The accounting policy for leases before 1 January 2019 is as follows: (Continued)

When a Group entity is the lessor:

Operating leases

Leases where the Group entity retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

The accounting policy for leases after 1 January 2019 is as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee:

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

(r) **Leases** (Continued)

The accounting policy for leases after 1 January 2019 is as follows: (Continued)

When a Group entity is the lessee: (Continued)

Lease liabilities (Continued)

The lease liability is presented within "loans and borrowings" in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification such as a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of use assets are presented within the "property, plant and equipment" in the consolidated statement of financial position. The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (Continued)

The accounting policy for leases after 1 January 2019 is as follows: (Continued)

When a Group entity is the lessor

Leases for which the Company is a lessor are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a Group entity is an intermediate lessor:

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as an operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(s) Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Employee benefits (Continued)

Equity-settled options scheme

Directors and employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options granted on the date of the grant. This cost is recognised in profit or loss, with a corresponding increase in the share option reserve, over the vesting period. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At each reporting date, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to share capital account if new ordinary shares are issued. Upon expiry of the options, the balance in the share option reserve is transferred to retained earnings.

(t) Share-based payments

Non-employee of the Group receives warrants to purchase ordinary shares as consideration for introductory services rendered. The cost of these equity-settled transactions with non-employee is measured by reference to the fair value of the service received when the fair value of service received cannot be reliably estimated, the Group measures the service received by reference to the fair value of the equity instrument granted, measured at the date when the counterparty renders service. This cost is recognised as expense in the consolidated statement of profit or loss and other comprehensive income or as incremental cost against financial asset or liability in the statements of financial position with a corresponding increase in the warrants reserve. No remeasurement is required at each reporting date.

When the warrants are subscribed, the proceeds received (net of transaction costs) and the related balance previously recognised in warrants reserve are credited to share capital account if new ordinary shares are issued. Upon expiry of the options, the balance in the warrants reserve is transferred to retained earnings.

(u) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income taxes (Continued)

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the reporting date.

Deferred income tax is measured based on the tax consequence that will follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

(v) Functional and foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollars, which is the Company's functional currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Functional and foreign currencies (Continued)

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the reporting date;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the currency translation reserve.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

(w) Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

(y) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and

(a) represents a separate major line of business or geographical area of operations; or
(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2019

SFRS(I) 16 Leases

When the Group is the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17: Leases for financial periods beginning 1 January 2019. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge on right-of-use asset and interest expense on lease liability.

The Group has adopted and applied SFRS(I) 16 at the date of initial application on 1 January 2019 using the modified retrospective approach with no restatement of the comparatives for 2018.

On adoption of SFRS(I) 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 7.25%.

	2019
	$'000
Operating lease commitments disclosed as at 31 December 2018	**5,102**
Discounted using the weighted average lessee's incremental borrowing rate	**(2,389)**
Lease liability recognised as at 1 January 2019	**2,713**

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of SFRS(I) 16, rights-of-use asset and lease liability of $2,831,000 and $2,713,000 respectively were recognised on the consolidated statements of financial position on 1 January 2019. Other payables were reduced by $75,000. Provision for reinstatement cost of $193,000 was included in the right-of-use assets on adoption.

In applying SFRS(I) 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2019 (CONTINUED)

SFRS(I) 16 Leases (Continued)

When the Group is the lessor

There are no material changes to the accounting by the Group as a lessor.

When the Group is the intermediate lessor

The Group leases vehicles under a head lease arrangement and subleases the vehicles to third parties as an intermediate lessor. Prior to adoption of SFRS(I) 16, the Group accounts the sublease as an operating lease and the rental income in respect of the sublease are recognised on a straight-line basis over the term of the sublease. There are no material changes to accounting by the Group as a intermediate lessor.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Acquisitions of subsidiaries

The initial accounting on acquisition of subsidiaries involves the fair valuation of the consideration transferred, the identification of the acquired identifiable assets and liabilities and their respective fair values. The fair value measurement of the consideration transferred, and the assets and liabilities identified during the acquisition of subsidiaries are determined by independent valuer and management by reference to comparable market prices or present value of expected net cash flows from the assets. Any changes in the assumptions used and estimates made in determining the fair values will impact the carrying amount of the assets and liabilities identified and goodwill as recorded in the consolidated financial statements and investment in subsidiaries in the Company's statement of financial position. During the financial year, the Group acquired four (4) subsidiaries and increased its investment in subsidiaries as disclosed in Note 15.

Valuation of investment properties

The Group's investment properties are stated at estimated fair values based on the valuation performed by independent firm of professional valuers. In determining fair values, the valuers have based their valuation on methods of valuation which involves certain estimates, including comparison with sale transactions of similar properties and expected future income stream to be achieved from the properties. The valuation methodologies, significant inputs used and details of the properties are disclosed in Note 16. As at 31 December 2019, the carrying amount of investment properties is $3,680,000 (2018: $4,100,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment of non-financial assets

The Group and the Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value-in-use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The carrying values of the Group's property, plant and equipment and intangible assets are disclosed in Notes 13 and 14 respectively. Details of the key assumptions applied in the impairment assessment of the Group's intangible assets are disclosed in Note 14. The carrying amounts of the Company's investment in subsidiaries and the details of the key assumptions applied in the Company's impairment assessment of its investment in subsidiaries are disclosed in Note 15. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Included in the Group's trade and other receivables are trade receivables of $21,918,000 (RMB112,000,000) and other receivables of $1,566,000 (RMB8,000,000) owing from 14 BOP outlets. As disclosed in Note 18, Mr Pang Pok and Mr Zhang Rongxuan have collectively provided personal guarantees in respect of the outstanding receivables from the 14 BOP outlets as at 31 December 2019. Ms Zhang Liying, Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan have also collectively provided Securities in respect of the amount of the outstanding receivables recovered from the 14 BOP outlets and held by Ms Zhang Liying but not yet transferred to Wish Hospitality Holdings Private Limited's ("**Wish**") bank account. The Group has considered the personal guarantees and Securities and assessed that no credit allowance is required on these receivables.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Calculation of loss allowance (Continued)

As the calculation of loss allowance on trade receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade receivables. Details of ECL measurement and carrying value of trade receivables at reporting date are disclosed in Notes 18 and 31(b).

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and deferred tax liabilities at the reporting date are $4,004,000 (2018: $nil) and $91,000 (2018: $nil) respectively.

Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, when available and is required to make certain entity-specific estimates, such as the subsidiary's stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use asset at the date of initial application of SFRS(I) 16/commencement date of new leasing transactions. The carrying amount of lease liabilities and right-of-use assets are disclosed in Notes 21 and 13 respectively.

Shared based compensation

The Group measures the cost of equity-settled transactions with employees and non-employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transaction requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue by primary major customer types and timing of revenue recognition.

Group

	Sale of equipment and cockeries $'000	Sale of food and beverages $'000	Provision of management consultancy services $'000	Rental income from foodstalls $'000	Service income $'000	Total $'000
Continuing operations						
2019						
Primary geographical markets						
Singapore	12	5,100	-	685	457	6,254
People's Republic of China ("PRC")	-	-	29,430	-	-	29,430
	12	5,100	29,430	685	457	35,684
Timing of revenue recognition						
At a point in time	12	5,100	-	-	-	5,112
Over time	-	-	29,430	685	457	30,572
	12	5,100	29,430	685	457	35,684

The Group applies the practical expedient in SFRS(I) 15 and does not disclose information about its remaining performance obligation if:

- The performance obligation is part of a contract that has an original expected duration of one year or less; or
- The Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, and it recognises revenue in that amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6 OTHER INCOME

	Group	
	2019	2018
	$'000	$'000
Continuing operations		
Government grants	**91**	35
Rental income	**173**	601
Commission	**36**	–
Others	**62**	6
	362	642

7 FINANCE COSTS

	Group	
	2019	2018
	$'000	$'000
Continuing operations		
Interest expenses:		
– Lease liabilities/finance lease	**149**	3
– Bank loans	**58**	19
– Convertible loan	**71**	–
Unwind of discount on convertible loan [Note 21(i)]	**107**	–
	385	22

8 PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS

	Group	
	2019	2018
	$'000	$'000
Profit/(loss) before tax is stated after charging:		
Audit fee paid/payable to the auditors of the Company	**115**	51
Fees for non-audit services paid/payable to the auditor of the Company	**19**	19
Audit fees and fees for non-audit services paid/payable to other auditor	**-**	–
Casual labour	**4**	50
Depreciation of property, plant and equipment (Note 13)	**912**	41
Fair value loss on investment properties (Note 16)	**420**	515
Staff costs (Note 9)	**2,557**	13
Rental expense [Note 34(a)]	**100**	–
Subcontractor expenses	**190**	–
Utilities	**370**	–
Bad debts written off	**-**	17
Derecognition loss on convertible loan [Note 21(i)]	**832**	–
Transaction costs relating to convertible loan [Note 21(i)]	**725**	–
Acquisition-related costs incurred	**57**	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 STAFF COSTS

	Group	
	2019	2018
	$'000	$'000
Continuing operations		
Directors' fees	**163**	–
Salaries, bonuses and other benefits	**2,003**	11
Contribution to defined contribution plans	**326**	2
Share-based payments	**65**	–
	2,557	13

10 TAX EXPENSE

	Group	
	2019	2018
	$'000	$'000
Tax expense attributable to profit/(loss) is made up of:		
From continuing operations		
Current income tax provision		
Singapore	**4,812**	–
Deferred tax (Note 23)	**(62)**	–
	4,750	–

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax due to the following factors:

	Group	
	2019	2018
	$'000	$'000
Profit/(loss) before tax from:		
Continuing operations	**25,406**	(285)
Discontinued operations	**(2,776)**	(3,258)
	22,630	(3,543)
Tax calculated at a tax rate of 17% (2018: 17%)	**3,847**	(602)
Singapore statutory stepped income exemption	**(9)**	–
Expenses not deductible for tax purposes	**691**	21
Income not subject to tax	**(65)**	(62)
Utilisation of previously unrecognised deferred tax assets	**(52)**	(4)
Deferred tax assets not recognised	**21**	647
Unutilised tax losses and other deductible temporary difference disregarded	**317**	–
	4,750	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10 TAX EXPENSE (CONTINUED)

At 31 December 2019, the Group has deferred tax assets in respect of tax losses of $563,000 (2018: $9,194,000) and capital allowance of $nil (2018: $547,000), other deductible temporary differences of $nil (2018: $2,470,000) that are available for carry forward to offset against future taxable income subject to agreement by the tax authority and compliance with relevant provisions of the Singapore Income Tax Act. The potential deferred tax assets have not been recognised in the financial statements as it is not probable that future taxable profit will be sufficient to allow the related tax benefits to be utilised. The unutilised tax losses do not expire under current tax legislation.

On 14 January 2020, the Company completed the sales transaction to dispose its wholly-owned subsidiaries, GreatSolutions Pte. Ltd. and GS Hospitality Services Pte. Ltd. ("Disposal Group").

Included in the unrecognised deferred tax assets as at 31 December 2018 were unutilised tax losses of $8,432,000 and unabsorbed capital allowance of $547,000 and other deductible temporary differences of $2,495,000 from the Disposal Group. During the financial year ended 31 December 2019, the Disposal Group has additional unutilised tax losses of $1,131,000 and other deductible temporary differences of $726,000 attributable to this Disposal Group. Subsequent to the disposal, the Disposal Group will not pass the shareholding test to allow the related tax benefits to be utilized in the future and hence, the unutilised tax losses, unabsorbed capital allowance and other deductible temporary differences are not carry forward to offset against future taxable income.

11 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Following the approval of Group's management and shareholders on 19 November 2019 and 30 December 2019 respectively to sell the Disposal Group, which previously contributed to the services segment, the assets and liabilities related to the Disposal Group have been presented as a disposal group held for sale and results from the Disposal Group is presented separately on the consolidated statement of profit or loss and other comprehensive income as "Discontinued operations". The transaction was completed on 14 January 2020.

An analysis of the results of the discontinued operations and the results recognised on the remeasurement of disposal group is as follows:

	2019	2018
	$'000	$'000
Revenue*	**8,495**	8,523
Cost of sales	**(8,850)**	(9,381)
Gross loss	**(355)**	(858)
Other income [Note (i)]	**561**	679
Administrative expenses	**(2,171)**	(2,565)
Finance costs [Note (ii)]	**(514)**	(391)
Net impairment losses on financial assets	**(297)**	(123)
Loss before and after tax from discontinued operations [Note (iii)]	**(2,776)**	(3,258)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

The impact of the discontinued operations on the cash flows of the Group are as follows:

	2019 $'000	2018 $'000
Operating cash flows	**2,922**	(1,015)
Investing cash flows	**(458)**	(52)
Financing cash flows	**(2,183)**	851
Total cash inflows/(outflows)	**281**	(216)

* The Disposal Group has only one operating segment from the dishwashing and automated cleaning services. Such services are recognised as performance obligation satisfied over time. The Disposal Group's revenue from external customers are derived solely from customers in Singapore.

Details of disposal group classified as held for sale are as follows:

	2019 $'000
Property, plant and equipment [Note (v)]	**10,920**
Trade receivables	**1,267**
Other receivables	**268**
Cash and cash equivalents	**431**
	12,886

Liabilities directly associated with disposal group classified as held for sale:

	2019 $'000
Trade payables	**457**
Other payables	**1,200**
Loans and borrowings [Note (vi)]	**9,094**
	10,751

(i) Other income

	2019 $'000	2018 $'000
Government grants	**328**	625
Gain on disposal of property, plant and equipment	**-**	8
Rental income	**137**	–
Other income	**96**	46
	561	679

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

(ii) Finance costs

	2019 $'000	2018 $'000
Interest expense		
– Lease liabilities/finance lease	227	54
– Bank loans	287	337
	514	391

(iii) Loss before and after tax from discontinued operations

Loss before and after tax of the Disposal Group is arrived at after charging:

	2019 $'000	2018 $'000
Audit fee paid/payable to the auditors of the Company	25	29
Fees for non-audit services paid/payable to the auditor of the Company	7	8
Depreciation of property, plant and equipment (Note 13)	1,421	1,321
Impairment loss on non-current assets held for sale (Note 19)	719	–
Loss on disposal of property, plant and equipment	57	–
Property, plant and equipment written off	-	4
Rental expense [Note 34(a)]	32	612
Subcontractor expenses	1,580	2,246
Utilities	762	768
Casual labour	584	513
Staff costs [Note (iv)]	4,987	5,228
Bad debts written off	-	17

(iv) Staff costs

	2019 $'000	2018 $'000
Directors' fees	-	158
Salaries and bonuses	4,218	4,208
Contribution to defined contribution plans	769	862
	4,987	5,228

(v) Property, plant and equipment

At 31 December 2018, the net carrying values of machineries, equipment and vehicles acquired under finance lease agreements (classified as finance lease under SFRS(I) 17) amounted to $1,372,000.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 DISCONTINUED OPERATIONS AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

(v) Property, plant and equipment (Continued)

Leased assets are pledged as security for the related lease liabilities.

The leasehold property with a carrying amount of $6,871,000 at 31 December 2019 is mortgaged to secure with the Disposal Group's bank loan of $5,724,000 under loans and borrowings.

(vi) Loans and borrowings

The bank loans of Disposal Group are secured by:

- legal mortgage over the Disposal Group's leasehold property;
- legal mortgage over the Group's investment properties (Note 16);
- legal mortgage over certain personal properties of a director of the Group;
- assignment of rental proceeds and all rights of tenancy agreements;
- corporate guarantee by the Company and fellow subsidiaries; and
- personal guarantee by a director of the Group.

12 EARNINGS/(LOSS) PER SHARE

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Continuing operations		**Discontinued operations**		**Total**	
	2019	2018	**2019**	2018	**2019**	2018
Net profit/(loss) attributable to equity holders of the Company ($'000)	**15,827**	(286)	**(2,776)**	(3,266)	**13,051**	(3,552)
Weighted average number of ordinary shares outstanding for basic earnings per share	**170,655,974**	132,000,000	**170,655,974**	132,000,000	**170,655,974**	132,000,000
Basic earnings/(loss) per share (cents per share)	**9.27**	(0.22)	**(1.62)**	(2.47)	**7.65**	(2.69)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 EARNINGS/(LOSS) PER SHARE (CONTINUED)

For the purpose of calculating diluted earnings/(loss) per share, profit/(loss) attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2019, the Group's potential ordinary shares comprise GS Holdings Employee Share Option Scheme ("GS Holdings ESOS") and warrants.

For GS Holdings ESOS and warrants, the weighted average number of shares on issue has been adjusted as if all dilutive share options and warrants were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options and warrants less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit/(loss).

Diluted earnings/(loss) per share attributable to owners of the Company is calculated as follows:

	Continuing operations		Discontinued operations		Total	
	2019	2018	**2019**	2018	**2019**	2018
Net profit/(loss) attributable to equity holders of the Company ($'000)	**15,827**	(286)	**(2,776)**	(3,266)	**13,051**	(3,552)
Weighted average number of ordinary shares outstanding for basic earnings per share	**170,655,974**	132,000,000	**170,655,974**	132,000,000	**170,655,974**	132,000,000
Adjustments for:						
– GS Holdings ESOS	**3,300,000**	–	**3,300,000**	–	**3,300,000**	–
– Warrants	**46,764,705**	–	**46,764,705**	–	**46,764,705**	–
Weighted average number of ordinary shares outstanding for basic earnings per share	**220,720,679**	–	**220,720,679**	–	**220,720,679**	–
Diluted earnings/(loss) per share (cents per share)	**7.17**	(0.22)	**(1.26)**	(2.47)	**5.91**	(2.69)

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold property $'000	Vehicles $'000	Machineries and equipment $'000	Furniture and fittings $'000	Crockeries $'000	Renovation $'000	Foodstalls $'000	Workspace $'000	Total $'000
2019									
Cost									
At 1.1.2019	-	812	3,322	946	668	19	-	-	5,767
Recognition of right-of-use assets on initial application of SFRS(I) 16	1,338	351	-	-	-	-	-	1,142	2,831
At 1.1.2019, restated	1,338	1,163	3,322	946	668	19	-	1,142	8,598
Acquisition of subsidiaries (Note 15)	-	-	37	16	-	67	2,661	-	2,781
Additions	-	125	237	11	161	1	475	-	1,010
Reclassification from non-current asset held for sale (Note 19)	6,922	-	-	-	-	578	-	-	7,500
Disposals	-	(402)	(2)	-	-	-	-	-	(404)
Reclassification to disposal group assets held for sale (Note 11)	(8,260)	(789)	(3,433)	(251)	(829)	(597)	-	(1,142)	(15,301)
At 31.12.2019	-	97	161	722	-	68	3,136	-	4,184
Accumulated depreciation									
At 1.1.2019	-	268	2,263	856	532	14	-	-	3,933
Depreciation charge to									
- Continuing operations (Note 8)	-	19	17	24	-	15	837	-	912
- Discontinued operation (Note 11)	89	212	441	44	170	31	-	434	1,421
Disposals	-	(217)	(2)	-*	-	-	-	-	(219)
Reclassification to disposal group assets held for sale (Note 11)	(89)	(275)	(2,609)	(226)	(702)	(46)	-	(434)	(4,381)
At 31.12.2019	-	7	110	698	-	14	837	-	1,666
Net carrying value									
At 31.12.2019	-	90	51	24	-	54	2,299	-	2,518

* Amount below $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold property $'000	Vehicles $'000	Machineries and equipment $'000	Furniture and fittings $'000	Crockeries $'000	Renovation $'000	Total $'000
Group							
2018							
Cost							
At 1.1.2018	8,203	812	3,282	948	668	1,234	15,147
Additions	–	–	64	–	–	5	69
Disposals	–	–	(20)	–	–	–	(20)
Write off	–	–	(4)	(2)	–	–	(6)
Reclassification to non-current asset classified as held for sale (Note 19)	(8,203)	–	–	–	–	(1,220)	(9,423)
At 31.12.2018	–	812	3,322	946	668	19	5,767
Accumulated depreciation							
At 1.1.2018	399	176	1,745	781	310	373	3,784
Depreciation charge							
– Continuing operations (Note 8)	–	13	4	24	–	–	41
– Discontinued operations (Note 11)	218	79	522	53	222	227	1,321
Disposals	–	–	(6)	–	–	–	(6)
Write off	–	–	(2)	(2)	–	–	(4)
Reclassification to non-current asset classified as held for sale (Note 19)	(617)	–	–	–	–	(586)	(1,203)
At 31.12.2018	–	268	2,263	856	532	14	3,933
Net carrying value							
At 31.12.2018	–	544	1,059	90	136	5	1,834

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(i) Included in property, plant and equipment are right-of-use assets of $2,299,000 (1.1.2019: $2,831,000) (Note 34).

(ii) As 31 December 2018, the carrying amount of vehicles, machineries and equipment of the Group acquired under finance lease agreements (classified as finance lease under SFRS(I) 17) amounted to $1,404,000 of which $736,000 were machineries mortgaged to secure the Group's finance lease liabilities.

Leased assets are pledged as security for the related finance lease liabilities.

(iii) During the financial year ended 31 December 2018, the Group decided to dispose its leasehold property, 8 Loyang Way 4 Singapore 507604, through a sale transaction. The property is available for immediate sale in its present condition. As the sale of property is expected to be completed within twelve months from the end of the financial year, its carrying value of $8,219,000 has been reclassified from "leasehold properties and renovations" under "property, plant and equipment" (non-current asset) to "non-current asset classified as held-for-sale" (current asset) as at 31 December 2018 (Note 19).

(iv) The Group's leasehold property above mentioned in (iii) with a carrying amount of $8,219,000 as at 31 December 2018 was mortgaged to secure the Group's bank loan of $4,942,000 (Note 21).

(v) Non-cash transactions

	Group	
	2019	2018
	$'000	$'000
Aggregate cost of property, plant and equipment acquired	**1,010**	69
Less: Additions to right-of-use assets (Note 21)	**(575)**	–
Net cash outflow for purchase of property, plant and equipment	**435**	69

14 INTANGIBLE ASSETS

	Group	
	2019	2018
	$'000	$'000
Goodwill arising on business combination [Note (a)]	**4,373**	–
Other intangible assets [Note (b)]	**562**	–
	4,935	–

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on business combination

	Group	
	2019	2018
	$'000	$'000
Cost and carrying value		
At 1 January	**-**	–
Acquisition of subsidiaries	**4,373**	–
At 31 December	**4,373**	–

i. *Impairment test for goodwill*

Goodwill and intangible assets acquired through business combination have been allocated to the individual cash generating units ("CGUs") for impairment testing as follows:

	Hao Kou Wei Group CGU	**Sing Swee Kee CGU**
	2019	**2019**
	$'000	**$'000**
Goodwill	**3,905**	**468**
Intangible assets:		
– Customer relationship	**148**	**-**
– Favourable lease agreements	**72**	**-**
– Brand name	**-**	**331**

ii. *Key assumptions used in value-in-use calculations*

The recoverable amounts of the CGUs are determined from value-in-use calculations derived from the most recent financial budgets approved by management covering a five-year period. The key assumptions for the value-in-use calculations are those regarding the budgeted revenue growth rate, budgeted gross margin, terminal growth rate and discount rate as follows:

	Hao Kou Wei Group CGU	**Sing Swee Kee CGU**
	2019	**2019**
	%	**%**
Budgeted revenue growth rate[(1)]	**2 - 5**	**2**
Budgeted gross margin[(2)]	**32 - 34**	**22**
Terminal growth rate[(3)]	**2**	**2**
Discount rate[(4)]	**10.84**	**11.20**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill arising on business combination (Continued)

ii. Key assumptions used in value-in-use calculations (Continued)

(1) Estimated average annual growth rate for the next five-year period.
(2) Budgeted gross margin for the next five-year period.
(3) Terminal growth rate used to extrapolate cash flows beyond the five-year period. This rate does not exceed the average long-term growth rate for the relevant markets.
(4) Pre-tax discount rate applied to cash flow projections.

Management estimates discount rate using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The budgeted revenue growth rate is based on past performance and management's assessment of future trends and development in the market. Budgeted gross margin is based on past performance.

iii. Sensitivity to changes in assumptions

With regards to the assessment of value-in-use for Hao Kou Wei Group CGU and Sing Swee Kee CGU, management believes that the change in the estimated recoverable amounts from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amounts to be materially lower than the carrying value of the both CGUs.

(b) Other intangible assets

	Brand name $'000	Favourable lease agreements $'000	Customer relationship $'000	Computer software $'000	Total $'000
Group					
Cost					
At 1.1.2019	-	-	-	-	-
Acquisition of subsidiaries	340	73	502	-	915
Additions	-	-	-	13	13
At 31.12.2019	340	73	502	13	928
Accumulated amortisation					
At 1.1.2019	-	-	-	-	-
Amortisation charge	9	1	354	2	366
At 31.12.2019	9	1	354	2	366
Net carrying value					
At 31.12.2019	331	72	148	11	562

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 INTANGIBLE ASSETS (CONTINUED)

(b) Other intangible assets (Continued)

The amortisation charge for the financial year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

Customer relationship and favourable lease agreement arose from acquisition of Hao Kou Wei Group during the financial year ended 31 December 2019. Brand name arose from acquisition of Sing Swee Kee during the financial year ended 31 December 2019.

15 INVESTMENT IN SUBSIDIARIES

	Company	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost		
As at 1 January	**13,071**	13,071
Acquisition during the financial year	**–***	–
Deemed capital contributions during the financial year	**10,131**	–
Reclassification to non-current asset held for sale	**(14,080)**	–
As at 31 December	**9,122**	13,071
Impairment allowances:		
As at 1 January	**(4,059)**	–
Allowance made during the financial year	**(8,214)**	(4,059)
Reclassification to non-current asset held for sale	**12,163**	–
As at 31 December	**(110)**	(4,059)
Net carrying amount	**9,012**	9,012

* Amount below $1,000

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Principal place of business/ country of incorporation	Principal activities	Group's effective equity interest 2019 %	2018 %
Held by the Company				
Hawkerway Pte. Ltd.*	Singapore	Letting and operating of food courts, coffee shops and eating house	**100**	100
GreatSolutions Pte. Ltd.*	Singapore	Dishwashing services and automated cleaning services and solutions	**100**	100
GS Cleaning Services Pte. Ltd.*	Singapore	Cleaning services and landscape care and maintenance services	**100**	100
GS Equipment Supply Pte. Ltd.*	Singapore	Sale of dishwashing and other equipment/machinery and rental of equipment/ machinery and tangible goods	**100**	100
GS Stewarding Services Pte. Ltd.*	Singapore	Installation of dishwashing machines and other equipment and mechanical engineering works and repair, servicing and maintenance of dishwashing machines and other equipment	**100**	100
Wish Hospitality Holdings Private Limited*(2)	People's Republic of China/ Singapore	Provision of branding, operations and procurement services	**80**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Principal place of business/ country of incorporation	Principal activities	Group's effective equity interest 2019 %	2018 %
Held through GreatSolutions Pte. Ltd.				
GS Hospitality Services Pte. Ltd.*	Singapore	Cleaning services including hotel-related dishwashing	**100**	55
Held through Hawkerway Pte. Ltd.				
Hao Kou Wei Pte. Ltd.* (2)	Singapore	Letting and operating of self-owned or leased food court, coffee shop and eating houses	**100**	–
Held through Hao Kou Wei Pte. Ltd.				
Hao Kou Wei Food Group Pte. Ltd.* (1)	Singapore	Operating of self-owned or leased food court, coffee shop and eating houses and provision of consultancy and management services in relation to and beverage industry	**100**	–
Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd.** (1)	People's Republic of China	Dormant	**100**	–
Raffles Coffee Pte. Ltd.* (1)	Singapore	Operating of cafes and coffee houses and also to provide management consultancy services	**100**	–

NOTES TO THE **FINANCIAL STATEMENTS**

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15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	**Principal place of business/ country of incorporation**	**Principal activities**	**Group's effective equity interest**	
			2019	2018
			%	%
Held through Hao Kou Wei Pte. Ltd. (Continued)				
Rasa Sayang Village Pte. Ltd.*[(2)]	Singapore	Letting and operating of self-owned or leased food court, coffee shop and eating houses	**100**	–
Sing Swee Kee Pte. Ltd.*[(2)]	Singapore	Operation of a restaurant trading under the name "Sin Swee Kee" Chicken Rice Restaurant	**100**	–
Held through Wish Hospitality Holdings Private Limited				
Wish Health Management (Shanghai) Co. Ltd.[@(1)]	People's Republic of China	Dormant	**80**	–
Held through Raffles Coffee Pte. Ltd.				
Raffles Brands Pte. Ltd.[(1)]	Singapore	Dormant	**51**	–
Held through Raffles Brands Pte. Ltd.				
Raffles Brands Management (Shanghai) Co. Ltd.[#(1)]	People's Republic of China	Dormant	**51**	–

* Audited by Baker Tilly TFW LLP

** Hao Kou Wei Pte. Ltd. has incorporated a wholly-owned subsidiary, Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd. during the financial year. The registered capital of Hao Kou Wei (Shanghai) Food and Beverage Management Co. Ltd. is US$1 million which has not been paid as at 31 December 2019.

@ Wish Hospitality Holdings Private Limited has incorporated a wholly-owned subsidiary, Wish Health Management (Shanghai) Co. Ltd. during the financial year. The registered capital of Wish Health Management (Shanghai) Co. Ltd. is US$1 million which has not been paid as at 31 December 2019.

\# Raffles Brand Pte. Ltd. has incorporated a wholly-owned subsidiary, Raffles Brands Management (Shanghai) Co. Ltd. during the financial year. The registered capital of Raffles Brands Management (Shanghai) Co. Ltd. is US$100,000 which has not been paid as at 31 December 2019.

(1) Incorporated during the financial year.

(2) Acquired during the financial year.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Summarised financial information of subsidiary with material non-controlling interests ("NCI")

The Group has the following subsidiary that have NCI that are considered by management to be material to the Group:

Name of subsidiary	Principal place of business/ Country of incorporation	Ownership interests held by NCI
31 December 2019		
Wish Hospitality Holdings Private Limited	People's Republic of China/ Singapore	20%

The following are the summarised financial information of the Group's subsidiary with NCI that are considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Statement of Financial Position

	Wish Hospitality Holdings Private Limited 2019 $'000
Current assets	28,161
Current liabilities	(4,330)
Net assets	23,831
Net assets attributable to NCI	4,767

Summarised Income Statements

	Wish Hospitality Holdings Private Limited 2019 $'000
Revenue	29,430
Profit before tax	28,703
Income tax expense	(4,812)
Profit after tax and total comprehensive income	23,891
Profit allocated to NCI	4,779

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Summarised financial information of subsidiary with material non-controlling interests ("NCI") (Continued)

Summarised Cash Flows

	Wish Hospitality Holdings Private Limited 2019 $'000
Cash flows from operating activities	**4,759**
Cash flows from investing activities	**1**
Cash flows used in financing activities	**(72)**
Net increase in cash and cash equivalents	**4,688**

(c) Acquisition of subsidiaries

Acquisition of Hao Kou Wei Pte. Ltd. and its subsidiary, Raya Sayang Village Pte. Ltd. ("Hao Kou Wei Group")

On 1 April 2019, the Group, through Hawkerway Pte. Ltd, a wholly-owned subsidiary, acquired 100% of the issued share capital of Hao Kou Wei Pte. Ltd. for $4,440,000 from spouse of a controlling shareholder of the Group. The acquisition of Hao Kou Wei Group is to help the Group diversify its business into the food and beverages sector.

(i) Acquisition-date consideration transferred

	$'000
Cash paid	1,080
Equity instruments issued as part of consideration[3]	3,360
Total consideration transferred	4,440

[3] The fair value of the 14,000,000 new ordinary shares was based on the listed share price of the Company on 1 April 2019 of $0.24 per ordinary share representing the volume weighted average price for the share on that date [Note 25(ii)].

NOTES TO THE **FINANCIAL STATEMENTS**

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15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries (Continued)

Acquisition of Hao Kou Wei Pte. Ltd. and its subsidiary, Raya Sayang Village Pte. Ltd. ("Hao Kou Wei Group") (Continued)

(ii) Fair values of identifiable assets and liabilities of Hao Kou Wei Group at acquisition date

	$'000
Property, plant and equipment	2,735
Intangible assets	575
Trade and other receivables	550
Inventories	54
Cash and cash equivalents	722
Loans and borrowings	(3,085)
Trade and other payables	(861)
Deferred tax liabilities	(95)
Tax payable	(60)
Total identifiable net assets at estimated fair value	535
Goodwill [Note 14(a)]	3,905
Total consideration transferred	4,440

(iii) Effect on cash flows of the Group

	$'000
Cash paid [as per (i) above]	1,080
Less: Cash and cash equivalents in subsidiaries acquired	(722)
Net cash outflow from acquisition of subsidiaries	358

(iv) Goodwill

The acquired subsidiaries are involved in the sale of food and beverages, operating coffee shop and restaurants for the food and beverages industry. The goodwill of $3,905,000 is attributable to significant expansion opportunity of the food and beverage business expected to arise after the acquisition.

(v) Revenue and profit contribution

The acquired subsidiaries contributed revenue of $5,259,000* and net loss of $96,000* to the Group respectively for the period from 1 April 2019 to 31 December 2019. If the acquisition had occurred on 1 January 2019, the Group's revenue would have been $37,402,000* and total profit after tax would have been $17,795,000*.

* All figures include consolidation adjustments

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 **INVESTMENT IN SUBSIDIARIES** (CONTINUED)

(c) **Acquisition of subsidiaries** (Continued)

Acquisition of Sing Swee Kee Pte. Ltd. ("Sing Swee Kee")

On 1 July 2019, the Group, through Hao Kou Wei Pte. Ltd., a wholly-owned subsidiary, acquired 100% of the issued share capital of Sing Swee Kee for $800,000. Sing Swee Kee was formerly known as Chicken Supremo Pte. Ltd. The acquisition of Sing Swee Kee is to help the Group diversify its business into the food and beverages sector.

(i) Acquisition-date consideration transferred

	$'000
Cash paid	400
Deferred cash payment[4]	400
Total consideration transferred	800

[4] The deferred cash consideration of $400,000 shall be satisfied by or on such date falling six months subsequent to acquisition date.

(ii) Fair values of identifiable assets and liabilities of subsidiary at acquisition date

	$'000
Property, plant and equipment	46
Intangible assets	340
Inventories	4
Deferred tax liabilities	(58)
Total identifiable net assets at estimated fair value	332
Goodwill [Note 14(a)]	468
Total consideration transferred	800

(iii) Effect on cash flows of the Group

	$'000
Cash paid per (i) above, representing of a subsidiary acquired	400

(iv) Goodwill

The acquired subsidiary is involved in the sale of food and beverages in the operations of coffee shop and restaurants for the food and beverages industry. The goodwill of $468,000 is attributable to significant expansion opportunity of the food and beverage business expected to arise after the acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Acquisition of subsidiaries (Continued)

Acquisition of Sing Swee Kee Pte. Ltd. ("Sing Swee Kee") (Continued)

(v) Revenue and profit contribution

The acquired subsidiaries contributed revenue of $1,010,000* and net profit of $75,000* to the Group respectively for the period from 1 July 2019 to 31 December 2019. If the acquisition had occurred on 1 January 2019, the Group's revenue would have been $36,890,000* and total profit after tax would have been $18,005,000*.

* All figures include consolidation adjustments

(d) Acquisition of non-controlling interests without a change in control

On 2 April 2019, the Company, through GreatSolutions Pte. Ltd. acquired an additional 45% equity interest in GS Hospitality Services Pte. Ltd. ("GS Hospitality") from its non-controlling interests for a cash consideration of $3. As a result of this acquisition, GS Hospitality is now 100% held by the Group. The carrying value of the net liabilities of GS Hospitality at 2 April 2019 was $29,000 and the carrying value of the additional interest acquired was $14,000. The difference of $14,000 between the consideration and the carrying value of the additional interest acquired has been recognised within equity as premium paid for acquisition of non-controlling interests.

	$'000
Consideration paid for acquisition of non-controlling interests	–*
Carrying amount of non-controlling interests acquired	(14)
Decrease in equity attributable to equity holders of the Company	(14)

* Amount below $1,000

(e) Company level – Impairment review of investment in subsidiaries

In 2018, management performed an impairment test for the Company's investment in GreatSolutions Pte. Ltd. ("GreatSolutions") as this subsidiary had been persistently making losses in past financial years. The recoverable amount of the investment in GreatSolutions was determined based on a value-in-use calculation using cash flow projections from forecasts approved by management covering a five-year period. The discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 14.5% and 1.5% respectively. A full impairment loss of $4,000,001 was recognised for the financial year ended 31 December 2018 to write down this subsidiary to its recoverable amount of $Nil.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Company level – Impairment review of investment in subsidiaries (Continued)

During the current financial year, the Company contributed deemed capital in GreatSolutions of $10,080,000 as a result of waiver of debts owing from GreatSolutions. In 2019, the recoverable amount of the investment in GreatSolutions has been computed based on Fair Value Less Costs to Sell ("FVLCS"). The FVLCS is determined based on purchase consideration of $2 million per Sales & Purchase Agreement dated 19 November 2019 less incremental costs to sell of $83,000. Accordingly, an impairment loss of $8,163,000 was recognised in financial year 31 December 2019 to write down this subsidiary to its recoverable amount of $1,917,000. As the Company completed the disposal of the entire equity held in GreatSolutions to an independent third party on 14 January 2020, its carrying amount of $1,917,000 has been reclassified from "investment in subsidiaries" (non-current asset) to "non-current assets classified as held for sale" (current asset) in the Company's statement of financial position as at 31 December 2019.

16 INVESTMENT PROPERTIES

	Group	
	2019	2018
	$'000	$'000
At 1 January	**4,100**	4,570
Additions	**-**	45
Fair value loss recognised in profit or loss	**(420)**	(515)
At 31 December	**3,680**	4,100

The following amounts are recognised in profit or loss:

	Group	
	2019	2018
	$'000	$'000
Rental income	**173**	601
Direct operating expenses arising from an investment property that generated rental income	**68**	70

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 INVESTMENT PROPERTIES (CONTINUED)

Investment properties held by the Group as at 31 December 2019 and 31 December 2018 are as follows:

Properties	Description	Location	Existing use	Tenure
Property 1	A single-storey eating house with mezzanine office	16A Sungei Kadut Way, Singapore 728794	Commercial	Leasehold, 23 years
Property 2	A ramp-up factory unit	7 Mandai Link #03-40 Mandai Connection Singapore 728653	Commercial	Leasehold, 30 years

Property 1

The Investment Method of valuation was adopted based on the present worth of the expected future income stream in the form of the estimated net profit rental value and capitalised at an appropriate investment yield. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

Property 2

The Direct Comparison Method of valuation was adopted whereby sale transactions of comparable properties have been taken into consideration with regards to the location, tenure, age, size, floor level, design, layout, condition and standard of finishes amongst other factors. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

The following table shows the significant unobservable inputs used in the valuation methods:

Description	Fair value $	Valuation technique	Significant unobservable input	Range
Property 1	3,200,000	Investment method	Discount rate(1)	2.3%
			Rental growth rate(2)	nil%
Property 2	480,000	Direct comparison method	Price per square metre(2)	$3,057

(1) Any significant isolated increases/(decreases) in the significant unobservable input would result in a significantly (lower)/higher fair value measurement.

(2) Any significant isolated increases/(decreases) in the significant unobservable input would result in a significantly higher/(lower) fair value measurement.

Properties pledged as security

Investment properties amounting to $3,680,000 (2018: $4,100,000) are mortgaged to secure bank loans (Note 21).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

17 INVENTORIES

	Group	
	2019	2018
	$'000	$'000
Finished goods	**67**	18

The cost of inventories included as cost of sales amounted to $1,765,000 (2018: $4,000).

18 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade receivables				
– third parties	**21,962**	1,150	**-**	–
– related parties	**-**	62	**-**	–
– subsidiaries	**-**	–	**303**	3,405
	21,962	1,212	**303**	3,405
Less: Allowance for impairment losses [Note 31(b)]				
– third parties	**(13)**	(106)	**-**	–
– subsidiaries	**-**	–	**(280)**	(2,213)
	21,949	1,106	**23**	1,192
Other receivables				
– third parties	**1,568**	231	**-**	–
– related parties	**-**	51	**-**	–
– subsidiaries	**-**	–	**278**	4,228
	1,568	282	**278**	4,228
Less: Allowance for impairment losses [Note 31(b)]				
– subsidiaries	**-**	–	**(202)**	(117)
	1,568	282	**76**	4,111
Advances to customers	**-**	163	**-**	–
GST receivables	**10**	–	**8**	–
Deposits	**275**	148	**-**	–
Prepayments	**30**	226	**6**	111
	315	537	**14**	111
	23,832	1,925	**113**	5,414

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The non-trade amounts due from subsidiaries and related parties are interest-free, unsecured and repayable on demand.

The advances to customers are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

Included in the Group's trade and other receivables are trade receivables of $21,918,000 (RMB112,000,000) and other receivables of $1,566,000 (RMB8,000,000) owing from 14 Branding, Operations and Procurement ("BOP") outlets.

The Group is experiencing a delay in the collection of these outstanding receivables from the 14 BOP outlets as the Group is in the process of ongoing negotiations with the People's Republic of China ("PRC") tax authorities on the amount of corporate income tax and/or withholding tax ("tax issues") to be withheld before arrangements can be made to remit the receivables back to the Group in Singapore.

The Group engaged a "big four" accounting firm in Beijing as its professional tax adviser to assist with ongoing consultations on the tax issues. The Group had been experiencing delays on the ongoing negotiations with the PRC tax authorities due to recent developments relating to the spread of the COVID-19 in the PRC. The Group is working towards resolution of the tax issues by end of May 2020.

While the Group is working on settlement of the Group's tax issues, the Group appointed Ms Zhang Liying as the Group's authorised representative to collect the outstanding receivables for and on behalf of the Group. Ms Zhang Liying is a PRC national and is the 20% non-controlling shareholder of Wish, an 80% owned subsidiary of the Group.

In order to protect the Group's interest and ensure that the outstanding receivables are duly collected and subsequently remitted to the Group, the Group has obtained the following Securities set out below ("**Securities**") by reference to the Deeds signed between the Company and Mr Pang Pok, Mr Zhang Rongxuan, Mr Zhang Liying and Mr Liu Changsheng. The Securities, collectively, will cover the entire amount of the outstanding receivables recovered from the 14 BOP outlets by Ms Zhang Liying, but not yet transferred to Wish's bank account.

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18 TRADE AND OTHER RECEIVABLES (CONTINUED)

Security Provider	Description of Security
Ms Zhang Liying, being the holder of 20% of the shares in the issued share capital of Wish (the "**Charged Wish Shares**").	A first fixed charge in favour of Company all Charged Wish Shares.
Marvel Earn Limited, being the holder of 18,655,555 shares in the Company (the "**Charged GS Shares**"). Marvel Earn Limited is 100% owned by Ms Zhang Liying.	A first fixed charge in favour of the Company over all Charged GS Shares.
Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan ("**Guarantors**"), being directors of the Company, have agreed to provide guarantees to protect the interests of the Company and its non-controlling shareholders and ensure that the Company will have additional recourse in the event of any default by Ms Zhang Liying.	Personal guarantees provided by the Guarantors to guarantee the transfer to the Company/Wish of any outstanding service fees collected by Ms Zhang Liying.

Apart from the above Securities, Mr Pang Pok and Mr Zhang Rongxuan have also entered into a Supplemental Deed and Deed with the Company respectively to guarantee, in the event that Ms Zhang Liying fails to collect, and the Company or Wish does not receive, the entire amount of the outstanding receivables from the 14 BOP outlets amounting to $23,484,000 (RMB120,000,000) by 15 October 2020, the Company has a right of recourse by requiring Mr Pang Pok and/or Mr Zhang Rongxuan to pay such amount of the receivables which was not received by the Company or Wish.

The Board is of the view that the above-mentioned safeguards, measures, personal guarantees and Securities are adequate and appropriate for recovering the receivable balances from 14 BOP outlets totalling $23,484,000 (RMB120,000,000).

19 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

The Group

Leasehold property

As at 31 December 2018, the non-current asset classified as held for sale pertains to leasehold property, 8 Loyang Way, Singapore 507604 ("Property") held by GreatSolutions Pte. Ltd. ("GreatSolutions"). On 30 September 2019, the Group changed its plan to realise the property through sales. The Group engaged an independent professional valuer to determine the fair value of the property which amounted to $7,500,000. As compared to the net carrying value as at 30 September 2019 of $8,219,000, the Group recorded on 30 September 2019 an impairment loss on non-current asset classified as held for sale of $719,000. Subsequent to the revaluation, the property was reclassified from non-current asset classified as held for sale to property, plant and equipment (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19 NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE (CONTINUED)

The Group (Continued)

Leasehold property (Continued)

As the Company completed the disposal of the entire equity held in GreatSolutions to an independent third party on 14 January 2020, the leasehold property and renovations classified under property, plant and equipment with carrying amounts as at 31 December 2019 of $7,318,000 were reclassified to disposal group assets classified as held for sale. The impairment loss on non-current asset classified as held for sale of $719,000 was reflected under results of Discontinued operation [Note 11(iii)].

The Company

Investment in subsidiaries – Disposal Group

As the Company completed the disposal of the entire equity held in GreatSolutions to an independent third party on 14 January 2020, its carrying amount as at 31 December 2019 of $1,917,000 has been reclassified from investment in subsidiaries to non-current asset classified as held for sale.

20 AMOUNT DUE TO A DIRECTOR

The amount due to a director arose from the restructuring exercise for which the director had executed an undertaking to the Group that in the event the Group incurs an operating loss for its audited financial results of financial year ended 31 December 2017 and 31 December 2016, the director shall disburse an interest-free loan to the Group. As at 31 December 2017, the outstanding amount owing to a director was $3,000,000 (Note 21).

During the financial year ended 31 December 2018, the director provided an additional loan of $1,200,000 to the Group for working capital purposes.

As the Group had incurred an operating loss for the financial year ended 31 December 2018, the director had forgiven the outstanding amount of $1,000,000 and the amount had been recognised as waiver of loan by a director in the consolidated statement of changes in equity of the Group and changes in equity of the Company.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20 AMOUNT DUE TO A DIRECTOR (CONTINUED)

During the financial year, the amount due to a director of $3,200,000 has been repaid by cash payment of $200,000 and the portion of $3,000,000 by issuance and allotment of 11,764,705 ordinary shares at $0.255 per share in accordance with the Deed Poll dated 7 March 2019.

In addition to the loan capitalisation, the director has been issued and allotted with 11,764,705 warrants which one (1) warrant entitles a right to subscribe for one (1) new ordinary share in the Company at an exercise price of $0.255. The warrants expire on two years from its grant date.

21 LOANS AND BORROWINGS

	Maturity	Group 2019 $'000	Group 2018 $'000
Non-current			
Bank loans:			
Loan A – 3-month Singapore Interbank Offered Rate ("SIBOR") plus 3.00% per annum ("p.a.")	2020 – 2022	**51**	94
Loan B – 3-month SIBOR plus 1.28% p.a.	2020 – 2028	**288**	319
Loan D – Bank installment loan board rate (9%) plus 1.50% p.a.	2021	**20**	–
Loan E – Bank installment loan board rate (9%) minus 2.25% p.a.	2021	**37**	–
Loan F – Higher of 3-month Swap Offer Rate ("SOR") or 3.00% p.a. over 3-month Costs of Funds ("COF")	2024	**308**	–
Loan G – Higher of 3-month SOR or 3.00% p.a. over 3-month COF	2024	**345**	–
Loan H – Bank prevailing enterprise financing rate	2020 – 2036	**-**	4,715
Loan I – Higher of 3-month SOR or 3.00% p.a. over the prevailing 3-month COF	2020	**-**	654
		1,049	5,782
Finance lease liabilities (Note 22)		**-**	618
Lease liabilities		**1,681**	–
		2,730	6,400

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 **LOANS AND BORROWINGS** (CONTINUED)

	Group	
	2019	2018
	$'000	$'000
Current		
Bank loans:		
Loan A – 3-month SIBOR plus 3.00% p.a.	**41**	37
Loan B – 3-month SIBOR plus 1.28% p.a.	**31**	29
Loan C – 2.20% p.a. above the 1, 3, 6-month SOR	**400**	1,800
Loan D – Bank installment loan board rate (9%) plus 1.50% p.a.	**53**	–
Loan E – Bank installment loan board rate (9%) minus 2.25% p.a.	**104**	–
Loan F – Higher of 3-month SOR or 3.00% over 3-month COF	**75**	–
Loan G – Higher of 3-month SOR or 3.00% over 3-month COF	**86**	–
Loan H – Bank prevailing enterprise financing rate	**-**	227
Loan I – Higher of 3-month SOR or 3.00% p.a. over the prevailing 3-month COF	**-**	624
Loan J – 3-month SIBOR plus 4.00% p.a.	**-**	77
	790	2,794
Finance lease liabilities (Note 22)	**-**	394
Lease liabilities	**827**	–
	1,617	3,188
Bank overdrafts – Prevailing prime lending rate plus 1.00%	**413**	–
	2,030	3,188
	4,760	9,588

The bank loans of the Group are secured by:

(i) legal mortgage over the Group's investment properties (Note 16);
(ii) legal mortgages over certain personal properties of a director of the Group;
(iii) assignment of rental proceeds and all rights of the tenancy agreements;
(iv) corporate guarantee by the Company and fellow subsidiaries;
(v) personal guarantee from a director of the Group; and
(vi) all monies guarantee.

NOTES TO THE **FINANCIAL STATEMENTS**

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21 LOANS AND BORROWINGS (CONTINUED)

The bank overdrafts of the Group are secured by personal guarantee of $500,000 from a director of the Group and corporate guarantee of $500,000 provided by the Company.

The carrying amounts of the loans and borrowings approximate their respective fair values either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the financial statement date or that they are fixed rate instruments whose fair values approximates its carrying value computed based on cash flows discounted at market borrowing rate for similar financial liabilities at the financial statement date. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Bank loans $'000	Lease liabilities $'000	Amount due to a director (Note 20) $'000	Convertible loan [Note (i)] $'000	Total $'000
2019					
Balance at 1 January 2019	8,576	-	3,200	-	11,776
Reclassification from finance lease liabilities	-	1,012	-	-	1,012
Adoption of SFRS(I) 16	-	2,713	-	-	2,713
Acquisition of subsidiaries [Note 15c(ii)]	324	2,761	-	-	3,085
Additions	-	575	-	-	575
Changes from financing cash flows:					
– Proceeds	1,450	-	-	1,607	3,057
– Repayments	(2,140)	(1,834)	(200)	(1,607)	(5,781)
– Interest paid	(338)	(379)	-	-	(717)
Changes in operating cash flows:					
– Other payables	-	-	-	(71)	(71)
Non-cash changes:					
– Interest expense	345	376	-	71	792
– Loan capitalisation [Note 25(iii)]	-	-	(3,000)	-	(3,000)
Reclassification to liabilities directly associated with disposal group classified as held for sale (Note 11)	(6,378)	(2,716)	-	-	(9,094)
Balance at 31 December 2019	1,839	2,508	-	-	4,347

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21 LOANS AND BORROWINGS (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities (Continued):

	Loans $'000	Amount due to a director (Note 20) $'000	Total $'000
2018			
Balance at 1 January 2018	10,135	3,000	13,135
Changes from financing cash flows:			
– Proceeds	45	1,200	1,245
– Repayments	(1,604)	–	(1,604)
– Interest paid	(356)	–	(356)
Non-cash changes:			
– Interest expense	356	–	356
– Waiver of loan	–	(1,000)	(1,000)
Balance at 31 December 2018	8,576	3,200	11,776

(i) Convertible loan

On 17 December 2018, the Company entered into a convertible loan agreement with third parties allowing the Company to loan up to an aggregate principal amount of RMB68,000,000 (approximately $13,600,000). During the financial year, the Company drawndown total proceeds of RMB8,033,000 (approximately $1,607,000). The convertible loan mature three years from the issue date at their principal amount or can be converted into ordinary shares of the Company at the holder's option at a conversion price of $0.18 per conversion share when fully issued upon the lender's exercise of their conversion rights pursuant to the convertible loan agreement. The maximum number of conversion shares that may be issued to lenders is 93,688,888 shares. The loan bears interest at rate of 8% per annum and will be payable by the Company in arrears to the lenders within 30 days of the end of 12 months from date of disbursement.

During the financial year ended 31 December 2019, the Company incurred warrants costs of $1,664,000 as transaction costs to obtain the above convertible loan [Note 27(ii)]. Transaction costs relating to the issue of the convertible loan is allocated to the liability and embedded derivative in proportion to the allocation of the proceeds.

Transaction costs relating to the embedded derivative of convertible loan of $725,000 was recognised in profit or loss immediately under administrative costs (Note 8). The remaining transaction costs of $939,000 was included in the carrying amount of the liability portion and amortised over the period of the convertible loan using the effective interest method.

As at 26 December 2019, the Company repaid the convertible loan in full. Correspondingly, the Company recognised a derecognition loss on convertible loan of $832,000 under administrative expenses (Note 8) and unwind of discount on convertible loan of $107,000 under finance costs (Note 7) in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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22 FINANCE LEASE LIABILITIES

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 3.

The Group leases certain motor vehicles and machineries from third parties under finance leases.

	Group 2018	
	Minimum lease payments 2018 $'000	**Present value of minimum lease payments** 2018 $'000
Not later than one financial year	446	394
Later than one financial year but not later than five financial years	688	592
Later than five financial years	31	26
Total minimum lease payments	1,165	1,012
Less: Future finance charges	(153)	–
Present value of finance lease liabilities	1,012	1,012
Representing finance lease liabilities:		
– Non-current (Note 21)	618	
– Current (Note 21)	394	
	1,012	
Effective interest rates	1.88% to 6.75%	

NOTES TO THE FINANCIAL STATEMENTS

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22 FINANCE LEASE LIABILITIES (CONTINUED)

Leased assets are pledged as security for the related lease liabilities (Note 13). A director of the Group and a fellow subsidiary of the Group have provided guarantees for certain of the finance lease liabilities.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the reporting date, the fair values of finance lease liabilities at the reporting date approximate their carrying amounts as the market interest rate at the reporting date is close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosures purpose is categorised in Level 3 of the fair value hierarchy.

Reconciliation movement of liabilities to cash flows arising from financing activities:

	Group 2018 $'000
Balance at 1 January	1,464
Changes from financing cash flows:	
– Repayments	(452)
– Interest paid	(57)
Non-cash changes	
– Interest expense	57
Balance at 31 December	1,012

23 DEFERRED TAX LIABILITIES

The movements in the deferred tax account are as follows:

	Group	
	2019 **$'000**	2018 $'000
Balance at 1 January	**–**	–
Acquisition of subsidiaries (Note 15)	**153**	
Tax credited to profit or loss (Note 10)	**(62)**	–
Balance at 31 December	**91**	–
Presented on the consolidated statement of financial position:		
Non-current		
Deferred tax liabilities	**91**	–

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24 TRADE AND OTHER PAYABLES

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Trade payables				
– third parties	**370**	533	**-**	–
Other payables				
– third parties	**932**	921	**207**	324
– subsidiaries(i)	**-**	–	**647**	5,022
– director(i)	**34**	–	**-**	–
Deposit received				
– related party	**-**	100	**-**	–
– third parties	**84**	5	**4**	–
Accrued expenses	**1,103**	842	**282**	241
Advances received for proposed share placement(ii)	**-**	1,250	**-**	1,250
Deferred capital grants(iii)	**-**	447	**-**	–
GST payable	**139**	–	**-**	–
	2,662	4,098	**1,140**	6,837

(i) The amounts due to subsidiaries and director are non-trade, unsecured, interest-free and repayable on demand.

(ii) The advances received during the financial year ended 31 December 2018 for proposed share placement were interest-free and subsequently credited to share capital in the financial year ended 31 December 2019 [Note 25(i)].

(iii) Deferred capital grants relate to government grants received for acquisition of machineries and equipment for the Group's projects on productivity improvement. There are no unfulfilled conditions or contingencies attached to these grants.

25 SHARE CAPITAL

	2019		2018	
	No. of shares	**$'000**	No. of shares	$'000
As at 31 January	**132,000,000**	**11,498**	132,000,000	11,498
Issue of ordinary shares(i)	**26,675,555**	**4,802**	–	–
Issue of ordinary shares pursuant to acquisition of subsidiaries(ii)	**14,000,000**	**3,360**	–	–
Issue of ordinary shares pursuant to loan capitalisation(iii)	**11,764,705**	**3,000**	–	–
	52,440,260	**11,162**	–	–
Share issue expenses(i)	**-**	**(2,326)**	–	–
Issue of performance share awards(iv)	**553,000**	**135**	–	–
As at 31 December	**184,993,260**	**20,469**	132,000,000	11,498

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 SHARE CAPITAL (CONTINUED)

(i) Issue of ordinary shares

The Company issued 26,675,555 ordinary shares of $0.18 per share for cash, on 7 January 2019 and 5 April 2019, to provide funds for the expansion of the Group's operations. The Company incurred a total expense of $2,326,000 directly attributable to the share issuance which comprises warrants of $2,218,000 [Note 27(ii)] and professional fees of $108,000.

(ii) Issue of shares pursuant to acquisition of subsidiaries

The Company issued 14,000,000 ordinary shares of $0.24 per share to the spouse of a major shareholder, on 1 April 2019, as equity consideration for the acquisition of Hao Kou Wei Group through its subsidiary, Hawkerway Pte. Ltd. [Note 15c(i)].

(iii) Issue of ordinary shares pursuant to loan capitalisation

The Company issued 11,764,705 ordinary shares of $0.255 per share, on 26 June 2019, as a repayment for the amount due to a director of $3,000,000 which arose from the restructuring exercise (Note 20).

(iv) Issue of performance share awards

The Company issued 328,000 performance share awards of $0.255 per share on 4 March 2019 to former directors and a key executive of the Company as part of their remuneration under GS Holdings PSP and were vested immediately upon grant.

The Company issued 225,000 performance share awards of $0.23 per share on 3 May 2019 to a director and a key executive of the Company as part of their remuneration under GS Holdings PSP and were vested immediately upon grant.

The newly issued shares rank pari passu in all respects with the previously issued shares.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS

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26 RESERVE

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Share options reserve[1]	**49**	–	**49**	–
Warrants reserve[2]	**3,882**	–	**3,882**	–
Currency translation reserve[3]	**(50)**	–	**-**	–
Merger reserve[4]	**(6,071)**	(6,071)	**-**	–
Asset revaluation reserve[5]	**2,919**	2,919	**-**	–
	729	(3,152)	**3,931**	–

(1) Share options reserve

The share options reserve arises due to the grant of share options to employees under the employee share option plan. Further information about share-based payments to employees is disclosed in Note 27.

(2) Warrants reserve

The warrants reserve represents the fair value assigned to the warrants of $0.11 each [Note 27(ii)]. The fair value was determined using the Black-Scholes option pricing model.

(3) Currency translation reserve

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollar are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component in equity under the header of currency translation reserve.

(4) Merger reserve

Merger reserve represents the difference between the amount of the share capital of the subsidiaries at the date on which it was acquired by the Group and the amount of the share capital issued as consideration for the acquisition. The merger reserve amounted to a debit balance of $6,071,000 as at 31 December 2019.

(5) Asset revaluation reserve

Asset revaluation reserve represent the increase in the carrying amount of the leasehold property arising from revaluation that is recognised in other comprehensive income. The asset revaluation reserve amounted to a credit balance of $2,919,000 as at 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

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27 SHARE-BASED PAYMENTS

(i) Equity-settled share option scheme

Share options were granted to certain employees and directors of the Company under the GS Holdings Employee Share Option Scheme ("GS Holdings ESOS") adopted on 17 December 2015.

The scheme is administered by the Remuneration Committee. Options are exercisable at a price based on the average of the last dealt prices for the shares of the Company on the Singapore Exchange Securities Trading Limited for the five consecutive trading days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is one year. Options are forfeited if the employees or directors leave the Group before the options vest.

Details of the share options outstanding during the financial year are as follows:

	Group and Company			
	2019		2018	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
		$		$
Outstanding at the beginning of the financial year	**-**	**-**	–	–
Granted during the financial year[a]	**3,300,000**	**0.418**	–	–
Outstanding at the end of the financial year	**3,300,000**	**0.418**	–	–
Exercisable at the end of the financial year	**3,300,000**	**0.418**	–	–

The options outstanding at the end of the current financial year have a weighted average remaining contractual life of 1.75 years.

[a] The options were granted on 25 September 2019. The estimated fair value of the options granted to directors and key executive on that day was $0.169 and $0.167 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 SHARE-BASED PAYMENTS (CONTINUED)

(i) Equity-settled share option scheme (Continued)

These fair values for share options granted in 2019 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Directors and key executive
Weighted average share price	$0.415
Weighted average exercise price	$0.418
Expected volatility	75.32%
Expected life	1.75 years
Risk-free rate	1.70%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous three years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group and the Company recognised total expenses of $49,000 related to equity-settled share option scheme during the financial year.

(ii) Warrants to purchase ordinary shares

During the financial year, the Company issued warrants to purchase 35,000,000 shares of the Company's ordinary shares at an exercise price of $0.18 per share as compensation for services provided by introducer for share placement and convertible loan. The warrants expire two years from its grant date.

The Group has engaged an independent professional valuer to determine the fair value of the warrants at grant date. The initial fair value of warrants was calculated using a Black-Scholes option-pricing model with the following assumptions: two years; 65.18% volatility; 0% dividend rate; and a risk-free rate of 1.91%. The initial fair value of the warrants was determined to be $3,882,000 (equivalent to $0.11 per warrant) of which $1,664,000 was recorded as transaction costs that relate to the issue of the convertible loan as disclosed in Note 21(i) and $2,218,000 was recorded as shares issue expense, net against the issue of ordinary shares. The corresponding increase is recorded under warrants reserve as disclose in Note 26.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 CONTINGENT LIABILITIES (UNSECURED)

Details and estimates of maximum amounts of contingent liabilities are as follows:

Guarantees

The Company has provided corporate guarantees of $17,121,000 (2018: $15,371,000) to banks for bank loans and bank overdrafts of $12,203,000 (2018: $12,849,000) drawndown by its subsidiaries at the end of the reporting period.

The financial effects of SFRS(I) 9 relating to financial guarantee contracts issued by the Company are not material to the financial statements of the Company and therefore are not recognised.

29 RELATED PARTIES TRANSACTIONS

(a) In addition to the information disclosed elsewhere in the financial statements, the following related parties transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2019	2018
	$'000	$'000
With related parties		
Dishwashing and automated cleaning services rendered	**628**	145
Rental income	**144**	584
Advance received from	**-**	100
Payments made on behalf of	**-**	76
With controlling shareholder of the Company		
Rental expense	**252**	–
With director of the Company		
Provision of consultancy services	**58**	–

Other related parties comprise mainly companies which are controlled by close family member of the Group's controlling shareholder.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 RELATED PARTIES TRANSACTIONS (CONTINUED)

(b) Key management personnel compensation

Total key management personnel compensation is analysed as follows:

	Group	
	2019	2018
	$'000	$'000
Directors' fees	**163**	158
Salaries and bonuses	**529**	806
Contribution to defined contribution plans	**41**	49
Share-based payments	**65**	158
	798	1,171

30 LEASE COMMITMENTS

Where the Group is a lessee

The Group leases vehicles and workspace for its centralised dishware washing facilities from non-related parties under non-cancellable operating lease agreements. The leases have an average tenure of between 1.7 to 3.7 years. The Group also leases leasehold land from non-related parties under non-cancellable operating lease agreements. The lease has an average tenure of 35 years. Leases have varying terms, escalation clauses and renewal options. No restrictions are imposed on dividends or further leasing.

As at 31 December 2018, commitments in relation to non-cancellable operating leases contracted for at the reporting date, but not recognised as liabilities, were as follows:

	Group
	2018
	$
Not later than one financial year	706
Between two to five financial years but not later than five financial years	1,326
Later than five financial years	3,070
	5,102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

30 LEASE COMMITMENTS (CONTINUED)

Where the Group is a lessee (Continued)

As disclosed in Note 3, the Group adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the Group's statement of financial position as at 31 December 2019, except for short term and low value assets leases.

Where the Group is a lessor

As at 31 December 2018, the Group leases out premises space to related parties under non-cancellable operating leases.

The future minimum lease amounts receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group 2018 $'000
Not later than one financial year	480

31 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments at their carrying amounts at reporting date are as follows:

	Group		Company	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Financial assets				
At amortised costs	**31,273**	3,027	**154**	6,472
Financial liabilities				
At amortised costs	**17,555**	15,122	**1,136**	8,777

(b) Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The policies for managing each of these risks are summarised below. The Board review and agree policies and procedures for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which the Group manages and measures financial risk.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 **FINANCIAL INSTRUMENTS** (CONTINUED)

(b) **Financial risk management** (Continued)

Foreign currency risk

The Group has currency exposures arising from transactions, assets and liabilities that are denominated in currencies other than the respective functional currencies of entities in the Group. The foreign currency in which the Group's currency risk arises is Renminbi ("RMB"). The Group does not hedge against foreign exchange exposure as the currency risk is not expected to be significant.

At the end of the reporting period, the Group and the Company have the following financial assets and financial liabilities denominated in foreign currency based on information provided to key management:

Denominated in:	Group **RMB** **$'000**	Company **RMB** **$'000**
At 31 December 2019		
Financial assets		
Cash and cash equivalents	**3,890**	**-**
Financial liabilities		
Trade payables	**(71)**	**(71)**
Net financial assets/(liabilities) denominated in foreign currencies	**3,819**	**(71)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rates against the respective functional currencies of the Group's entities by 5%, with all other variables held constant, of the Group's profit after tax:

	Group	
	Increase/(decrease) in profit after tax	
	2019	2018
	$'000	$'000
RMB/SGD		
– strengthened	**(158)**	–
– weakened	**158**	–

Company

A 5% fluctuation in the RMB exchange rate against SGD, with all other variables held constant, will not have a significant impact on the Company's profit for the current and previous financial years.

Interest rate risk

The Group's exposure to interest rate risk arises primarily from their loans and borrowings. Loans and borrowings at variable rates expose the Group to cash flow interest rate risk (i.e. the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates). Loans and borrowings at fixed rates expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates). The Group's policy is to obtain most favourable interest rate available whenever the Group obtains additional financing through bank loans and borrowings. The interest rates and terms of maturity and repayment of loans and borrowings of the Group are disclosed in Note 21 to the financial statements. The Group does not utilise derivatives to mitigate its interest rate risk.

As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Interest rate risk (Continued)

Sensitivity analysis for interest rate risk

The sensitivity analysis below have been determined based on the exposure to interest rates for loans and borrowings at the end of reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of loans and borrowings that have floating rates.

The Group's loans and borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in Singapore dollar ("SGD"). If the SGD interest rates increase/decrease by 50 (2018: 50) basis points with all other variables including tax rate being held constant, the profit/loss after tax of the Group will be lower/higher (2018: higher/lower) by $26,000 (2018: $36,000) respectively as a result of higher/lower (2018: lower/higher) interest expense on these loans and borrowings.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Maximum exposure and concentration of credit risk

The Group has no significant concentration of credit risk except that the Group's trade receivables comprise 14 debtors (2018: 1 debtor) that represented 99% (2018: 24%) of the trade receivables.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statements of financial position and the amount of $12,203,000 (2018: $12,849,000) relating to corporate guarantees given by the Company to banks for the subsidiaries' bank loans and bank overdrafts.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 **FINANCIAL INSTRUMENTS** (CONTINUED)

(b) **Financial risk management** (Continued)

Credit risk (Continued)

Maximum exposure and concentration of credit risk (Continued)

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group		Company	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**30**	1,106	**23**	1,192
People's Republic of China	**21,919**	–	**-**	–
	21,949	1,106	**23**	1,192

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	**Basis for recognition and measurement of ECL**
Debtors has a low risk of default and does not have any past due amount	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, based on historical experience, that is available without undue cost or effort.

In particular, the Group considers the historical and current payment patterns of the debtors when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the financial asset has a low risk of default; if the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the debtor to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Definition of default

The Group considers a debtor is in default when information developed internally or obtained from external sources indicated that the debtor is unlikely to pay its creditors. Based on historical experience, it indicates that receivables that meet this criteria is generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Movements in credit loss allowance are as follows:

	Trade receivables $'000	Other receivables $'000	Total $'000
Group			
Balance at 1 January 2018	–	–	–
Loss allowance measured:			
Lifetime ECL			
– Credit-impaired	106	–	106
Balance at 31 December 2018	106	–	106
Loss allowance measured:			
Lifetime ECL			
– Credit-impaired	225	–	225
12 months ECL	–	85	85
	225	85	310
Reclassification to disposal group assets classified as held for sale	(318)	–	(318)
Receivables written off as uncollectable	–	(85)	(85)
Balance at 31 December 2019	**13**	**-**	**13**
Company			
Balance at 1 January 2018	1,970	–	1,970
Loss allowance measured:			
Lifetime ECL			
– Credit-impaired	243	–	243
12 months ECL	–	117	117
Balance at 31 December 2018	2,213	117	2,330
Waiver of amount due from subsidiary	(1,970)	–	(1,970)
Loss allowance measured:			
Lifetime ECL			
– Credit-impaired	37	–	37
12 months ECL	–	85	85
Balance at 31 December 2019	**280**	**202**	**482**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Trade receivables

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions affecting the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The Group and the Company have recognised a loss allowance of $225,000 and $37,000 (2018: $106,000 and $243,000) for specific debtors as a result of occurrence of credit impairment events and historical experience has indicated that these receivables are generally not recoverable. A receivables is written off when there is information indicating that there is no realistic prospect of recovery from the debtor.

Included in the Group's trade and other receivables are trade receivables of $21,918,000 (RMB112,000,000) and other receivables of $1,566,000 (RMB8,000,000) owing from 14 BOP outlets. As disclosed in Note 18, Mr Pang Pok and Mr Zhang Rongxuan have provided personal guarantees in respect of the entire outstanding trade and other receivables owing from 14 BOP outlets in the event that Ms Zhang Liying fails to collect, and the Company/Wish does not receive, the entire outstanding receivables by 15 October 2020. Ms Zhang Liying, Mr Pang Pok, Mr Liu Changsheng and Mr Zhang Rongxuan have also collectively provided Securities in respect of the amount of the outstanding receivables recovered from the 14 BOP outlets by Ms Zhang Liying, but not yet transferred to Wish's bank account.

The Group has considered the personal guarantees, Securities and assessed that no credit allowance is required on these receivables.

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables (excluding prepayments and GST receivables) and cash and cash equivalents and disposal group assets classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

The table below details the credit quality of the Group's and the Company's financial assets:

2019 **Group**	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Trade receivables	Lifetime ECL	**21,962**	**(13)**	**21,949**
Other receivables (excluding prepayments and GST receivables)	12-month ECL	**1,843**	**-**	**1,843**
Cash and cash equivalents	N.A. Exposure Limited	**5,608**	**-**	**5,608**
Disposal group assets classified as held for sale (excluding property, plant and equipment and prepayments)	12-month ECL	**2,191**	**(318)**	**1,873**
2019 **Company**				
Trade receivables – subsidiaries	Lifetime ECL	**303**	**(280)**	**23**
Other receivables (excluding prepayments and GST receivables)	12-month ECL	**278**	**(202)**	**76**
Cash and cash equivalents	N.A. Exposure Limited	**55**	**-**	**55**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

Credit risk (Continued)

Other financial assets at amortised cost (Continued)

2018 Group	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Trade receivables	Lifetime ECL	1,212	(106)	1,106
Other receivables (excluding prepayments and GST receivables)	12-month ECL	593	–	593
Cash and cash equivalents	N.A. Exposure Limited	1,328	–	1,328
2018 **Company** Trade receivables – subsidiaries	Lifetime ECL	3,405	(2,213)	1,192
Other receivables (excluding prepayments and GST receivables)	12-month ECL	4,228	(117)	4,111
Cash and cash equivalents	N.A. Exposure Limited	1,169	–	1,169

The credit risk exposure for cash and cash equivalents are immaterial as at 31 December 2019 and 31 December 2018.

Financial guarantees

The Company has issued financial guarantees to banks for bank loans and bank overdrafts of its subsidiaries. These guarantees are subject to the impairment requirements of SFRS (I) 9. The Company has assessed that its subsidiaries have the financial capacity to meet the contractual cash flow obligations. In addition, the bank loans and bank overdrafts are secured by personal guarantee by a director and legal mortgages over certain personal properties of a director of the Group. Hence, the Company does not expect significant credit losses arising from these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 **FINANCIAL INSTRUMENTS** (CONTINUED)

(b) **Financial risk management** (Continued)

Liquidity risk (Continued)

The Group and the Company manages the liquidity risk by maintaining sufficient cash to enable them to meet their normal operating commitments and having an adequate amount of committed credit facilities (Note 21).

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	1 year or less $'000	**1 to 5 years $'000**	**Over 5 years $'000**	**Total $'000**
Group				
2019				
Trade payables	**370**	**-**	**-**	**370**
Other payables	**2,020**	**-**	**-**	**2,020**
Loans and borrowings	**1,294**	**1,178**	**160**	**2,632**
Lease liabilities	**972**	**1,873**	**19**	**2,864**
Liabilities directly associated with disposal group classified as held for sale	**4,698**	**2,597**	**7,153**	**14,448**
	9,354	**5,648**	**7,332**	**22,334**
2018				
Trade payables	533	–	–	533
Other payables	1,801	–	–	1,801
Loans and borrowings	3,493	3,117	4,672	11,282
Amount due to a director	3,200	–	–	3,200
	9,027	3,117	4,672	16,816
Company				
2019				
Other payables	**1,136**	**-**	**-**	**1,136**
Financial guarantee contracts*	**12,203**	**-**	**-**	**12,203**
	13,339	**-**	**-**	**13,339**
2018				
Other payables	8,777	–	–	8,777
Financial guarantee contracts*	12,849	–	–	12,849
	21,626	–	–	21,626

* At the financial reporting date, the maximum exposure of the Company in respect of the intra-group financial guarantee (Note 28) based on facilities drawn down by the subsidiaries is $12,203,000 (2018: $12,849,000). The Company does not consider it probable that a claim will be made against the Company under the intragroup financial guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 FAIR VALUES OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

(i) Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

(iii) Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There has been no transfer between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2018 and 2019.

(b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value at the end of the reporting date:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2019				
Non-financial asset:				
Investment properties (Note 16)	**-**	**-**	**3,680**	**3,680**
2018				
Non-financial asset:				
Investment properties (Note 16)	–	–	4,100	4,100
Non-recurring fair value measurement - 2019				
Disposal group classified as held for sales (Note 11)	**-**	**-**	**1,917**	**1,917**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

(b) Fair value measurements of assets and liabilities that are measured at fair value (Continued)

(i) Investment properties

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at financial year end.

Management is responsible for selecting and engaging valuation experts that possesses the relevant credentials and knowledge for the valuation of the investment properties.

For valuation performed by independent professional valuer, management reviews the appropriateness of the valuation methodologies and assumptions adopted. In determining the fair value of the investment properties, the valuation of the investment properties is based on comparable market transactions of similar properties and the estimated future income stream to be achieved from the properties.

(ii) Disposal group classified as held for sales

The fair value disclosure of the Disposal group classified as held for sale is measured based on valuation performed by an independent professional valuer. Valuation is primarily based on income approach by discount cashflow analysis from forecast provided by management covering five-years period. The pre-tax discount rate applied to the cash flow analysis are between 13.28% to 16.6% and the forecasted growth rate used to extrapolate cash flow analysis beyond the five-year period is 2%. Any reasonably possible changes in any of the key input would not result a material change to the fair value measurement.

The fair value measurement of the Disposal group is categorised as Level 3 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

(c) Movements in Level 3 assets and liabilities measured at fair value

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements:

	Investment properties	
	2019	2018
	$'000	$'000
Balance at beginning of financial year	**4,100**	4,570
Fair value loss recognised in profit or loss	**(420)**	(515)
Additions	**-**	45
Balance at end of financial year	**3,680**	4,100

(d) Determination of fair values

Loans and borrowings and finance lease liabilities

The basis of determining fair value for disclosure at end of the financial period is disclosed in Notes 21 and 22 respectively.

33 SEGMENT INFORMATION

The Group is organised into business units based on its services for management purposes. The reportable segments are food and beverages (F&B); branding, operations and procurement ("BOP") services; cleaning services, investment holdings under continuing operations and discontinued operations. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

NOTES TO THE **FINANCIAL STATEMENTS**

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33 SEGMENT INFORMATION (CONTINUED)

The segment information provided to management for the reportable segments are as follows:

	F&B $'000	BOP Service $'000	Cleaning Services $'000	Investment Holdings $'000	Eliminations $'000	Continuing Operations $'000	Discontinued Operations $'000	Total $'000
2019								
Segment revenue:								
Sales to external customers	6,242	29,430	12	-	-	35,684	8,495	44,179
Intersegment sales	25	-	2,497	547	(3,069)	-	-	-
Total revenue	6,267	29,430	2,509	547	(3,069)	35,684	8,495	44,179
Segment (loss)/profit	(606)	28,703	(59)	(2,632)	-	25,406	(2,776)	22,630
Significant non-cash items:								
Amortisation of government grants	-	-	-	-	-	-	148	148
Depreciation of property, plant and equipment	874	-	28	10	-	912	1,421	2,333
Net impairment losses on financial assets	13	-	-	-	-	13	297	310
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	57	57
Amortisation of intangible assets	364	-	2	-	-	366	-	366
Impairment loss on non-current asset held for sale	-	-	-	-	-	-	719	719
Fair value loss on investment properties	-	-	-	420	-	420	-	420
Share-based payment								
– Share award expense	-	-	-	15	-	15	-	15
– Share options expense	-	-	-	49	-	49	-	49
Segment assets	8,531	28,161	48	3,900	-	40,640	12,886	53,526
Segment assets includes additions to property, plant and equipment	510	-	-	97	-	607	403	1,010
Segment liabilities	(5,307)	(4,251)	(504)	(1,455)	-	(11,517)	(10,751)	(22,268)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

33 SEGMENT INFORMATION (CONTINUED)

The Group only has one operating segment from cleaning services for the financial year ended 31 December 2018 and management has not identified any business or operating units separately for the purpose of making decision about resource allocation and performance assessment.

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements.

Sales between operating segments are on an arm's length basis in a manner similar to transaction with third parties.

Segment assets

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments.

Segment liabilities

The amounts provided to the management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Sales to external customers		Non-current assets	
	2019	2018	**2019**	2018
	$'000	$'000	**$'000**	$'000
Continuing operations				
Singapore	**6,254**	–	**11,133**	5,934
People's Republic of China	**29,430**	–	**-**	–
	35,684	–	**11,133**	5,934
Discontinued operations				
Singapore	**8,495**	8,523	**10,920**	–
	44,179	8,523	**22,053**	5,934

There is no single external customer which amounted to 10% or more of the Group's revenue for the financial years ended 31 December 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 LEASES

(a) The Group as a lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

(i) The Group leases vehicles, foodstalls and workspace from non-related parties. The leases have an average tenure of between 1 – 5 years;

(ii) The Group makes annual lease payments for leasehold land. The right-of-use of the land is classified as property, plant and equipment (Note 13). The lease has a tenure of 35 years; and

(iii) In addition, the Group leases certain accommodations with contractual terms of 12 months. These leases are short-term and/or low value items. The Group has elected not to recognised right-of-use assets and lease liabilities for these leases.

The maturity analysis of the lease liabilities is disclosed in Note 31(b).

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

	Group	
	31.12.2019	**1.1.2019**
	$'000	**$'000**
Classified within Property, plant and equipment – Continuing operations (Note 13)		
Foodstalls	**2,299**	**-**
Classified within Property, plant and equipment – Discontinued operations (Note 11)		
Leasehold property	**1,300**	**1,338**
Vehicles	**194**	**351**
Workspace	**708**	**1,142**
	2,202	**2,831**

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 **LEASES** (CONTINUED)

(a) **The Group as a lessee** (Continued)

Amounts recognised in profit or loss

	Group 2019 $'000
Depreciation charge for the financial year	
Continuing operations	
Foodstalls	**837**
Discontinued operations	
Leasehold property	**38**
Vehicles	**156**
Workspace	**434**
	628
Lease expense not included in the measurement of lease liabilities	
Continuing operations	
Lease expense – short term leases	**96**
Lease expense – low value assets leases	**4**
Total (Note 8)	**100**
Discontinued operations	
Lease expense – low value assets	**13**
Variable lease payment which do not depend on index or rate	**19**
Total (Note 11)	**32**
Interest expense on lease liabilities	
– Continuing operations	**146**
– Discontinued operations	**181**
	327

Total cash flow for the Group's leases amounted to $1,966,000.

As at 31 December 2018, the Group is committed to $15,300 short-term leases.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34 **LEASES** (CONTINUED)

(b) The Group as a lessor

Nature of the Group's leasing activities – Group as a lessor

The Group leased out its foodstalls to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from foodstalls are disclosed in Note 5.

Nature of the Group's leasing activities – Group as an intermediate lessor

Subleases – classified as operating leases

The Group leases motor vehicles under a head lease arrangement and subleases the vehicles to third parties as an intermediate lessor. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from subleasing recognised during the financial year was $137,000.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2019
	$'000
Less than one financial year	**365**
One to two financial years	**53**
	418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The capital of the Group consists of share capital and retained earnings/accumulated losses and the Group's overall strategy remains unchanged from 2018.

The Group is in compliance with all externally imposed capital requirements for the financial years ended 31 December 2019 and 31 December 2018.

36 SUBSEQUENT EVENTS

Impact of Coronavirus disease ("COVID-19")

The emergence of COVID-19 since early 2020 has brought about uncertainties to the Group's operating environment and has impacted the Group's F&B operations locally and the Group's BOP services in the People's Republic of China.

As the situation is still evolving, it is currently not possible to ascertain the full financial impact of the outbreak on the financial performance of the Group for the financial year ending 31 December 2020 at this juncture. The Group will actively monitor the situation and put in place appropriate measures to manage the situation.

37 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors dated 15 April 2020.

SHAREHOLDERS' STATISTICS

AS AT 20 MARCH 2020

CLASS OF SHARES

Ordinary Shares

NUMBER OF SHARES

184,993,260

NUMBER OF ORDINARY SHAREHOLDERS

The number of ordinary shareholders as at 20 March 2020 is 260.

VOTING RIGHTS

1 vote for each Ordinary Share held

TREASURY SHARES

Nil

SUBSIDIARY HOLDINGS

Nil

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 30.56% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 20 March 2020. Rule 723 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited has therefore been complied with.

DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MARCH 2020

DISTRIBUTION OF SHAREHOLDERS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	32	12.31	27,500	0.01
1,001 – 10,000	73	28.08	445,900	0.24
10,001 – 1,000,000	137	52.69	19,546,100	10.57
1,000,001 AND ABOVE	18	6.92	164,973,760	89.18
TOTAL	**260**	**100.00**	**184,993,260**	**100.00**

SHAREHOLDERS' STATISTICS

AS AT 20 MARCH 2020

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2019

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder	Shareholdings in which the substantial shareholder are deemed to be interested	Total	Percentage of Issued Shares
Pang Pok[1]	2,079,705	95,000,000	97,079,705	52.48
Ang Siew Kiock[2]	5,000,000	92,079,705	97,079,705	52.48
Marvel Earn Limited	18,655,555	–	18,655,555	10.08
Zhang Liying[3]	–	18,655,555	18,655,555	10.08

Notes:

(1) Mr Pang is deemed to be interested in the 50,000,000 Shares held through UOB Nominees Private Limited, 40,000,000 Shares held through BMO Private Bank as well as 5,000,000 Shares held by his spouse, Ms Ang Siew Kiock.

(2) Ms Ang Siew Kiock is deemed to be interested in the 92,079,705 Shares held directly and indirectly by her spouse, Mr Pang.

(3) Ms. Zhang Liying is the sole shareholder of Marvel Earn Limited, and is deemed interested in the 18,655,555 Shares held by Marvel Earn Limited, by virtue of Section 7 of the Companies Act.

TOP 20 SHAREHOLDERS AS AT 20 MARCH 2020

NO.	NAME	NO. OF SHARES	%
1	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	50,000,000	27.03
2	CITIBANK NOMINEES SINGAPORE PTE LTD	41,266,900	22.31
3	MARVEL EARN LIMITED	18,655,555	10.08
4	LOW CHIN YEW	9,034,000	4.88
5	PANG JIE LONG	9,000,000	4.87
6	CHEW KEA KOON	5,345,800	2.89
7	ANG SIEW KIOCK	5,000,000	2.70
8	IN NANY SING CHARLIE	4,456,700	2.41
9	KEK YEW LENG @KEK BOON LEONG	3,786,300	2.05
10	PANG LIM	3,615,600	1.95
11	TAN POK MIN	3,600,000	1.95
12	PANG POK	2,079,705	1.12
13	ANG CHOON CHENG	2,000,000	1.08
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	1,699,200	0.92
15	HSBC (SINGAPORE) NOMINEES PTE LTD	1,500,000	0.81
16	AU SWEE LING	1,380,000	0.75
17	CHONG PAW LONG	1,320,000	0.71
18	KOH KIM SENG	1,234,000	0.67
19	CHEW KOK CHIANG (ZHOU GUOJIANG)	1,000,000	0.54
20	THE KONGZI CULTURE FUND LTD	791,000	0.43
	TOTAL	**166,764,760**	**90.15**

GS HOLDINGS LIMITED

(INCORPORATED IN SINGAPORE ON 19 SEPTEMBER 2014)
(COMPANY REGISTRATION NUMBER: 201427862D)

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