BETTER food BETTER people BETTER life

2018 ANNUAL REPORT

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ABOUT Koufu GROUP LIMITED

Established in 2002 and listed on the Mainboard of the SGX-ST since July 2018, Koufu Group Limited ("**Koufu**", 口福集团有限公司, or together with its subsidiaries, the "**Group**") is one of the most established and largest operators and managers of food courts and coffee shops in Singapore, with a presence in Macau. Since its inception, Koufu's philosophy has been to integrate modern management discipline into its business while retaining the traditional coffee shop culture, with particular emphasis on providing patrons with value for money dining options in a comfortable environment – congruent with its core values in its vision towards "Better Food", "Better People", "Better Life".

Koufu's business comprises two segments – outlet & mall management and F&B retail. Under the outlet & mall management business segment, Koufu operates and/or manages food courts, coffee shops, a hawker centre and a commercial mall. Under the F&B retail business segment, it operates F&B stalls located within its food courts and coffee shops or within third party food courts as well as F&B kiosks, quick-service restaurants and full-service restaurants, amongst others.

In less than two decades, Koufu's outlet & mall management business segment has grown to a sizeable islandwide network. Koufu's multi-brand business model and network of F&B outlets currently comprises a portfolio of unique and distinct brands, each focusing on different types of cuisine and dining experiences at various price points to its consumers with varying tastes, preferences, budgets and occasions.

ISLANDWIDE Network

As at FY2018

OUTLET & MALL MANAGEMENT

MACAU

46 1

FOOD COURTS

15

COFFEE SHOPS

1

HAWKER CENTRE

1

COMMERCIAL MALL

F&B RETAIL

MACAU

69 2

F&B STALLS

MACAU

9 1

F&B KIOSKS

8

QUICK-SERVICE RESTAURANTS ("QSR")

3

FULL-SERVICE RESTAURANTS

SINGAPORE

FOOD COURTS

- 1 Bukit Batok Central Link #04-01, West Mall
- 1 Fusionopolis Way #B2-02, Fusionopolis
- 1 Kaki Bukit Road 1 #01-18, Enterprise One
- 2 Ang Mo Kio Drive #01-14 to 29, ITE College Central
- 8 Tampines Central 1, #01-18, Eastlink Mall
- 8 Grange Road #B1-01, Cathay Cineleisure Orchard
- 10 Sinaran Drive #04-14 to 19 and #04-56 to 73, Novena Square 2
- 21 Choa Chu Kang North 6 #B1-17-22, Yew Tee Point
- 31 Woodlands Ave 9, Republic Polytechnic, South Food Court #01-01
- 50 Nanyang Avenue NTU, Canteen B South Spine Food Court
- 70 Stamford Road #B1-26/28, Li Ka Shing Library Building, Singapore Management University
- 100 Tras Street #04-04/05, 100 AM
- 110 Sengkang East Way, Sengkang General and Community Hospital
- 180 Ang Mo Kio Ave 8, Block A Unit 235, Nanyang Polytechnic
- 370 Alexandra Road #B1-20/21, Anchor Point Shopping Centre
- 500 Dover Road Canteen 4, Singapore Polytechnic
- 535 Clementi Road, Block 51 Level 2, Ngee Ann Polytechnic
- Blk 57 Dawson Road #02-09/10, Dawson Place
- Blk 88 Tanglin Halt Road #01-08
- Blk 118 Rivervale Drive #02-15/16, Rivervale Plaza
- Blk 168 Punggol Field #01-01, Punggol Plaza
- Blk 201 Kim Tian Road #01-400
- Blk 258 Pasir Ris Street 21 #02-09, Loyang Point
- Blk 263 Compassvale Street #01-09
- Blk 301 Upper Thomson Road #01-113, Thomson Plaza Shopping Centre
- Blk 399 Yung Sheng Road #01-43, Taman Jurong Shopping Centre
- Blk 445 Fajar Road #01-548, Fajar Shopping Centre
- Blk 478 Tampines Street 44 #01-221
- Blk 500 Toa Payoh Lorong 6 #02-30, Toa Payoh Centre
- Blk 511 Canberra Road #01-01
- Blk 638A Jurong West Street 61 #01-22, Pioneer Mall
- Blk 735 Pasir Ris Street 72 #01-336, Pasir Ris West Plaza
- Blk 762 Jurong West Street 75 #01-300, Gek Poh Shopping Centre
- Blk 768 Woodlands Avenue 6 #01-30
- **Blk 30 Woodlands Ave 1 #01-11 The Woodgrove***
- Blk 548 Woodlands Drive 44, #02-34 Vista Point
- 21 Tampines North Drive 2, Level 3 Giant Building
- Blk 480 Toa Payoh Lorong 6 #B1-01, HDB Hub
- Blk 681 Punggol Drive, #04-01 Oasis Terrace
- Blk 470 Toa Payoh Lorong 6 #02-70
- Blk 768 Woodlands Avenue 6 #01-32
- 2 Bayfront Avenue #B2-49A/50/50A/51/52/53, Marina Bay Sands
- 1 Pasir Ris Central Street 3 #03-01/02, White Sands Shopping Centre
- 5 Straits View #02-04 to 06, Marina One The Heart
- 6 Raffles Boulevard #04-101/102, Marina Square
- 50 Jurong Gateway Road #05-01, JEM
- 83 Punggol Central #02-20/21, Waterway Point
- **Blk 991 Buangkok Link #02-21 Buangkok Square***

COFFEE SHOPS

- Blk 18 Jalan Membina #01-01
- Blk 132 Jurong Gateway Road #01-271
- Blk 204 Bedok North Street 1 #01-393
- Blk 256 Yishun Ring Road #01-1005
- Blk 267 Compassvale Link #01-02
- Blk 406A Sembawang Drive #01-01
- Blk 433A Sengkang West Way #01-01
- Blk 531 Ang Mo Kio Avenue 10 #01-2429
- Blk 622D Punggol Central #01-01
- Blk 632 Bukit Batok Central #01-134
- Blk 671 Edgefield Plains #01-01
- Blk 739 Bedok Reservoir Road #01-3139
- Blk 872C Tampines Street 86 #01-09
- 1 Tampines North Drive 1 #01-34, T-Space,
- Blk 747 Yishun Street 72, #01-108 Nee Soon Central Green

HAWKER CENTRE

- 50 Jurong West Street 61 Commercial Mall

COMMERCIAL MALL

- Blk 168 Punggol Field, Punggol Plaza

F&B KIOSKS

- 2 Bayfront Avenue #01-01 The Shoppes at Delijoy Marina Bay Sands
- 26 Sentosa Gateway, The Forum, Resort World #B1-208
- 6 Raffles Boulevard #04-101/102, Marina Square
- Blk 470 Toa Payoh Lorong 6
- Blk 681 Punggol Drive, #B1-03 Oasis Terrace
- 2 Bayfront Avenue #B2-49A/50/50A/51/52/53, Marina Bay Sands
- 10 Eunos Road 8 #01-133 SingPost Centre
- 11 Tanjong Katong Road #B1-30 Kinex
- 101 Thomson Road #02-K1 United Square
- **21 Choa Chu Kang North 6 #01-49/50 Yew Tee Point***
- **80 Marine Parade Road #03-30A Parkway Parade***
- **100 Tras Street #01-07 100 AM***
- **20 Tampines Central 1 #01-18***
- **Blk 991 Buangkok Link #01-27, Buangkok Square***

QUICK-SERVICE RESTAURANTS

- 9 Raffles Boulevard #01-75 and #01-K5A, Millenia Walk
- 1 Joo Koon Circle #02-32/33, Fairprice Hub
- 1 Jurong East Street 21 #01-01, Ng Teng Fong Hospital
- 2 Ang Mo Kio Drive #02-10, ITE College Central
- 2 Simei Street 3 #01-09, Changi General Hospital
- 70 Stamford Road #01-21, Singapore Management University
- 10 Eunos Road 8 #01-151, Singpost Centre
- 83 Punggol Central #02-20/21, Waterway Point

FULL-SERVICE RESTAURANTS

- 1 Maritime Square #02-85, Harbourfront Centre
- 9 Raffles Boulevard #01-75A/76, Millenia Walk
- 301 Upper Thomson Road #01-113, Thomson Plaza Shopping Centre

MACAU

FOOD COURT

- Shop 3008, Shoppes at Cotai Central, Sands Cotai Central, Macau

F&B KIOSKS/STALL

- Shop 3558, Shoppes at Parisian, Macau
- Shops K301/K302/K303, Shoppes at Cotai Central, Sands Cotai Central, Macau
- **Shops 1001/1003/1011 Research Centre N22, University of Macau, Taipa, Macau***

* Newly *opened in Q1 2019*

OUR Corporate Milestones

2018

Successfully listed on the Mainboard of the SGX-ST on 18 July 2018

Our first entry into hospitals – *Koufu* food court opened at Sengkang General and Community Hospital

2016

Achieved S$200 milion in sales revenue

2015

Our first full-service restaurant at Millenia Walk opened under our *Elemen* brand concept

2012

Our first overseas *Koufu* food court at Sands Cotai Central, Macau

2010

Opening of *Rasapura Masters* at Singapore's iconic, Marina Bay Sands

2009

Achieved S$100 million in sales revenue

2004

Successfully tendered for the operation and management of a commercial mall, *Punggol Plaza*

2003

Established our first central kitchen at 18 Woodlands Terrace

2002

Commenced operations of our first *Koufu* air-conditioned food court at Toa Payoh HDB Hub

CHAIRMAN'S Message

"We will continue to leverage on our **established track record** and solid experience in the F&B business, whilst remaining agile and resilient to stay ahead of the challenges and intense competition in the F&B industry and deliver forward-looking **transformational strategies for quality growth**"

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present you Koufu Group Limited's first Annual Report for the financial year ended 31 December 2018 ("FY 2018"), since our successful listing on the Mainboard of the SGX-ST on 18 July 2018.

Indeed, our initial public offering ("IPO") was a momentous milestone for us in our growth path. We are delighted to have garnered strong support from top-tier institutional, high net worth and retail investors for our IPO and we would like to take this opportunity to thank all shareholders for their confidence in us and their tremendous support of our IPO.

Looking ahead, our growing business and strong portfolio of multiple brands will continue to offer quality food and services to our customers in Singapore and Macau, as we work on transforming our business model beyond the food court business, to strengthen our foothold in the F&B industry, exemplified by our guiding principles – "Better Food", "Better People", "Better Life" 精致美食，优质生活，圆满人生.

YEAR IN REVIEW

In FY 2018, the Group reported stronger revenue contributions from both the outlet & mall management and F&B retail segments with new F&B outlet openings, achieving a record revenue of S$223.8 million.

The Group's balance sheet remains robust, with net assets of S$91.5 million and a healthy net cash position of S$56.2 million. The Group's adjusted EBITDA[1] of S$42.7 million in FY 2018, increased by 6.8% as compared to S$40.0 million in FY 2017, whilst adjusted NPAT[2] attributable to owners of the Company increased 1.9% to S$26.1 million from S$25.6 million over the same corresponding year.

TRANSFORMATIONAL GROWTH

The successful IPO represents a new chapter of growth, as we worked aggressively to expand our network in present markets as well as explore opportunities to export our proven business model and strong homegrown brands further abroad.

We will continue to leverage on our established track record and solid experience in the F&B business, whilst remaining agile and resilient

[1] *Adjusted EBITDA is derived from the Group's profit before income tax, after adding back depreciation, finance costs and finance income and one-off IPO expenses*

[2] *Adjusted NPAT attributable to owners of the company is derived from the Group's profit after tax attributable to owners of the company after adjusting for the IPO transaction costs and finance income from convertible notes*

CHAIRMAN'S Message

to stay ahead of the challenges and intense competition in the F&B industry and deliver forward-looking transformational strategies for quality growth. In view of this, we have identified four key growth areas and strategies, namely:

REINFORCING OUR FOOTHOLD IN LOCAL FOOD COURTS

Our extensive islandwide network of food courts continues on its steady growth path as we plan to establish new outlets in suitable strategic locations, with a focus on hospitals, commercial malls, tertiary educational institutions and new housing estates. We started our first *Koufu* food court in an air-conditioned place at Toa Payoh Central back in 2002, having seen the demand to combat Singapore's humidity and heat whilst having quality food at reasonable prices.

We have since established our footprint and network as a household brand that Singaporeans trust, with a sizeable network of 46 food courts and 15 coffee shops in Singapore[3]. This includes our maiden hospital outlet at the Sengkang General and Community Hospital that opened in July 2018, and the *Happy Hawkers* coffee shop at the new industrial building, T-Space @ Tampines in November 2018.

Moving forward, we will continue with our local expansion drive to deliver quality family-oriented lifestyle experience, reinforcing our strong foothold in our home-grown food courts.

EXTENDING OUR NETWORK FURTHER ABROAD

We entered the Macau market in an opportunistic move after our collaboration with the Sands Group at *Rasapura Masters* at Marina Bay Sands, Singapore, back in 2012. Currently, the revenue contribution from Macau accounts for 8.6% of our total revenue in FY 2018, up from 7.7% in the previous corresponding year.

With the success achieved from this initial overseas venture, we plan to further expand our network within Macau, having secured a *Koufu* food court at Macau University, scheduled to open in the second quarter of 2019.

In our expansion pipeline, we are looking at bringing our F&B brands further abroad, to potentially include countries like the People's Republic of China, Malaysia, Indonesia and Australia in the next few years.

INCREASING OUR MULTI-BRAND RECOGNITION

Our business model extends beyond the traditional food court business given our multi-brand strategy, which has enabled us to expand and develop in a wider scale, targeting different market segments at segregated price ranges. This has allowed us to grow our customer base and expand our market share, capturing more business opportunities, thereby building a more sustainable business model and growth plan.

Our multi-brand business model and F&B network currently comprises a portfolio of 12 unique and distinct brands – namely, 5 brand names under our food court operations, 1 under coffee shop and 6 under our F&B kiosks, quick-service restaurants ("QSRs") and full-service restaurants. This multi-brand strategy provides a differentiated focus on diverse types of cuisine and dining experiences at various price points, for varying tastes, preferences, budgets and occasions.

Moving forward, we will work on increasing our multi-brand recognition, with pipeline expansion plans for our *R&B Tea, Supertea* and *Elemen* brands. In the upcoming year, we have secured 12 new locations for our *R&B Tea* and *Supertea* locally and will be opening our first *R&B Tea* outlet in the food court at Macau University overseas. We also expect to open our fourth and fifth *Elemen* full-service restaurants at the new Paya Lebar Quarter and Great World City in the upcoming year.

CATALYST FOR GROWTH – OUR INTEGRATED FACILITY

Lastly, we plan to transform our business with our game-changing integrated facility at Woodlands Avenue 12. The 7-storey proposed integrated facility which has an estimated gross floor area of 20,000 square metre is currently under construction and is due to be completed by 1st half of 2020.

The platform will serve as our growth catalyst as we plan for expansion beyond our current level of domestic consumption at our own outlets. We intend to collaborate with potential joint-venture partners, to leverage on their expertise and potentially grow our business to include the supply of food products to third parties, and to ride on the increasing popularity and trend of food delivery services to further diversify our revenue stream.

The larger central kitchen will also allow us to better support and cater to future business expansion needs, to enhance our productivity and operational efficiency in producing larger food quantities while maintaining high standards of food quality and consistency. More importantly, the platform will allow us to partner up with F&B operators and help small F&B establishments, who may then lease spaces

[3] *As at 31 December 2018*

CHAIRMAN'S Message

on-demand or outsource certain food-preparation processes, thereby minimising their food-preparation areas at their existing outlets and stalls, to achieve a win-win situation, maximising resources and cutting costs.

This reinforces our vertically-integrated business model which generates cost savings and allows for better control over the entire process – from production in our central kitchens and the retail sales at our F&B outlets and self-operated F&B stalls, to the operation and management of our food courts and coffee shops. The size of our business operations will continue to provide economies of scale through direct sourcing and aggregation of purchasing power.

STAYING AHEAD WITH TECHNOLOGY

We employ a holistic approach to improving productivity by using technology as a key enabler. With our philosophy of integrating modern management discipline whilst retaining the traditional coffee shop culture, we have been a keen adopter of technology and have embarked on various projects and tech initiatives, in line with the government's emphasis on improving productivity through innovation.

This includes the self-ordering and payment kiosks and smart tray return robots, amongst others, reducing our reliance on manpower amidst the current manpower crunch, while improving the general cleanliness of our premises. We have also implemented the *Koufu Eat* mobile ordering application to 17 food courts.

REWARDING SHAREHOLDERS

In view of our robust financial performance and to reward and thank shareholders for their support, the Board has proposed a final, one-tier tax-exempt dividend of 1.2 Singapore cents per ordinary share. Together with the interim, tax-exempt dividend of 1.0 Singapore cent, this brings total dividends to 2.2 Singapore cents per ordinary share.

WORD OF APPRECIATION

Our record performance in FY 2018 would not be possible without the strong support, dedication and contributions from our management team and employees.

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

MR. PANG LIM
Executive Chairman &
Chief Executive Officer

BOARD OF Directors

From left: Mr. Tan Huay Lim, Mr. Hoon Tai Meng, Mr. Pang Lim, Mdm. Ng Hoon Tien and Dr. Yu Lai Boon

MR. PANG LIM

EXECUTIVE CHAIRMAN & CHIEF EXECUTIVE OFFICER

Mr. Pang Lim is one of Koufu's founding shareholders and was appointed to the Board in 1996. Mr. Pang has over 27 years of experience in the F&B and food service management industry. He has been and continues to be instrumental to our Group's continued success and growth.

Mr. Pang is responsible for the overall management and operations of the Group, setting and executing the strategic directions and expansion plans for the growth and development of Koufu, including sourcing for investment opportunities to promote and drive the Group's business growth.

Mr. Pang's deep industry experience and business leadership has been widely recognised – he was awarded the Entrepreneur of the Year Award by the Rotary Club of Singapore and the Association of Small & Medium Enterprises in 2004. He was awarded the Public Service Medal by the Prime Minister's Office of Singapore for his commendable public service in 2010 and 2014 respectively, and recognised by the Ministry of Education for his contribution and support in the education field in 2012 and 2016.

Mr. Pang is currently the President of the Hainan Business Club (Singapore), President of the Qionghai Association (Singapore), Vice-President of the Singapore Hainan Hwee Kuan, Vice-President of the World Qionghai Countrymen's Association and the Honorary President of The Federation of Merchants' Association, Singapore. He is also currently the Council Member of the Singapore Chinese Chamber of Commerce & Industry and a Deputy Treasurer of the Singapore Federation of Chinese Clan Associations. Mr. Pang is also the Acting Chairman of the Yuying Secondary School Management Committee and a member of the Pei Chun Public School Management Committee.

MDM. NG HOON TIEN

EXECUTIVE DIRECTOR

Mdm. Ng is one of the Group's founding shareholders and was appointed to the Board in 2002. She brings with her over 15 years of experience in the F&B and food service management industry.

As Koufu's Executive Director, Mdm. Ng is responsible for the oversight of the operations of our Group. She also assists the Executive Chairman and CEO in the formulation and implementation of the Group's business strategies and F&B operations.

BOARD OF Directors

DR. YU LAI BOON
LEAD INDEPENDENT DIRECTOR

Dr. Yu Lai Boon was appointed to the Board on 28 June 2018. Dr. Yu has over 25 years of experience in wealth fund investment, private equity investment, fund management, real estate development and real estate-related consultancy work.

During the span of his longstanding career, Dr. Yu held senior leadership roles as the Chief Financial and Investment Officer of Nakheel Developments in Dubai, the developers of The Palm Islands and Atlantis, The Palm; Group Chief Investment Officer of Dubai World Holdings; and Managing Director and Country Head in Jones Lang LaSalle. He was also an Adjunct Associate Professor of the Department of Real Estate, School of Design Environment at the National University of Singapore from 2014 to 2015.

Recognised for his expertise in real estate, Dr. Yu was a focus group member for the Ministry of National Development in 2000 and was involved in the provision of expert advice on urban land economics in the formulation of the Concept Plan of the Urban Redevelopment Authority for the development of Singapore. He was also appointed as Honorary Advisor of the Real Estate Developers Association of Singapore from 2003 to 2006; and he was a Member of the Advisory Panel within the Singapore Land Authority from July 2014 to July 2016.

Dr. Yu graduated from the National University of Singapore with a Bachelor of Science (Estate Management) (Honours) in 1988 and a Master of Science (Estate Management) in 1991. He went on to obtain a Doctor of Philosophy from the University of Aberdeen in Scotland, United Kingdom in 1997.

MR. TAN HUAY LIM
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Tan Huay Lim was appointed to the Board on 28 June 2018. Mr. Tan has over 30 years of experience in the audit of privately-owned enterprises, multi-national corporations and public listed companies.

Mr. Tan started his career with KPMG LLP where he was the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG in September 2015. During his time with KPMG Singapore, he was involved in a number of initial public offerings, debt financing and merger and acquisition transactions.

Mr. Tan also sits on the Board of other SGX-listed companies, including China Jinjiang Environment Holding Company Limited; Dasin Retail Trust Management Pte. Ltd., the trustee-manager of Dasin Retail Trust. He is also on the Board of Ren Ci Hospital, a charitable organisation.

Mr. Tan graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore in 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants (United Kingdom) and the Certified Practising Accountants (Australia).

MR. HOON TAI MENG
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Hoon Tai Meng was appointed to the Board on 28 June 2018. Mr. Hoon brings with him over two decades of corporate and legal experience.

Currently a Senior Consultant of RHTLaw TaylorWessing LLP, he was the Managing Partner of T M Hoon & Co. from July 1997 to May 2007 and oversaw the corporate matters and civil litigation practice of the firm. Mr. Hoon later joined Withers KhattarWong as a Partner, advising on corporate legal advisory and corporate finance matters.

Mr. Hoon was the Executive Director of Chip Eng Seng Corporation Ltd. from July 2011 to June 2018 and assisted the board in their business operations and corporate matters.

Mr. Hoon graduated with a Bachelor of Commerce (Accountancy) from Nanyang University in 1976 and a Bachelor of Laws (Hons) from the University of London in 1993. Mr. Hoon has been a Fellow Member of the Institute of Singapore Chartered Accountants since 2005 and a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom since 1987. He is also a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Barrister-at-Law, having been called to the English Bar at Middle Temple Inn.

KEY Management

MS. CHUA SHER LIN
CHIEF FINANCIAL OFFICER

Ms. Chua Sher Lin joined the Group in 2005 and was appointed as the Chief Financial Officer in September 2015. Ms. Chua is responsible for matters relating to corporate finance and financial management of our Group, and oversees the finance, human resource and information technology departments. She is also actively involved in formulating policies and strategies for our Group.

Prior to joining Koufu, Ms. Chua Sher Lin was the Finance Manager at Goldin Enterprise Pte Ltd and was a Senior Corporate Tax Consultant with KPMG Tax Services Pte Ltd.

Ms. Chua Sher Lin graduated with a Diploma in Accountancy from Ngee Ann Polytechnic in 1999. She is a Chartered Accountant in Singapore, a member of the Institute of Chartered Accountants Singapore and also a member of the Association of Chartered Certified Accountants.

MR. CHOO TECK CHUAN
CHIEF OPERATING OFFICER

Mr. Choo Teck Chuan was appointed as Koufu's Chief Operating Officer in April 2018, responsible for overseeing the Group's operations and its brand and marketing division.

Prior to joining Koufu, Mr. Choo was the Vice President, Operations & Development of Moove Media Pte Ltd, the advertising arm of ComfortDelGro Corporation Ltd. He has previously served in the Singapore Armed Forces (SAF) and retired from service with the rank of Lieutenant Colonel. During his time with the SAF, Mr. Choo held various command and staff appointments and was awarded the Command Appointment Award – Battalion in 2011 and the SAF Long Service and Good Conduct (30 Years) Medal in 2014.

MR. THAM POH CHEONG
CHIEF STRATEGY OFFICER

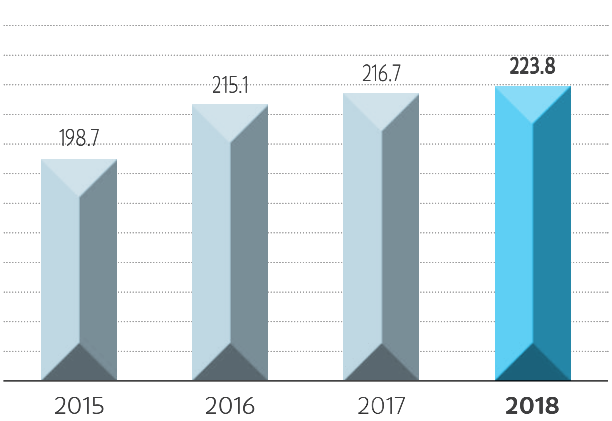
Mr. Tham Poh Cheong was appointed as Koufu's Chief Strategy Officer in August 2018, assisting the Chief Executive Officer with developing, communicating, executing and sustaining corporate strategic initiatives. Mr. Tham is also responsible for the development of the upcoming integrated facility to drive and support the Group's growth, and to establish synergistic joint ventures, strategic alliances, acquisitions or investments in complementary business segments and markets.

Prior to joining Koufu, Mr. Tham was the Secretary-General of the Singapore Chinese Chamber of Commerce & Industry (SCCCI) from January 2012 to May 2018. Before his role with SCCCI, Mr. Tham spent 22 years with International Enterprise (IE) Singapore as Group Director of its Infrastructure Services Group.

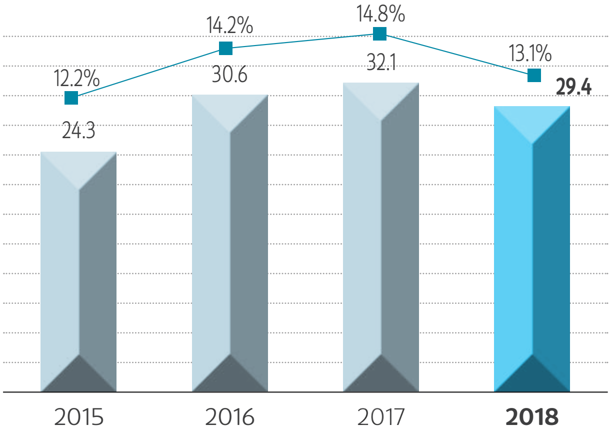
Mr. Tham completed his Degree in Mechanical Engineering and subsequently his Master of Business Administration (1994) at the National University of Singapore. In 2001, he also completed an Executive Program at the Tsinghua University, Beijing.

FINANCIAL Highlights

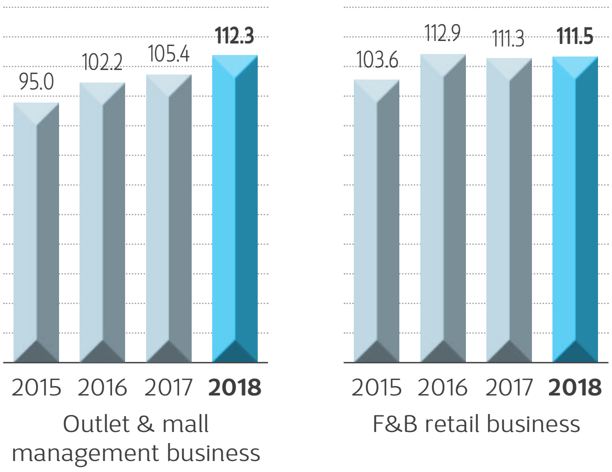
TOTAL REVENUE (S$'M)



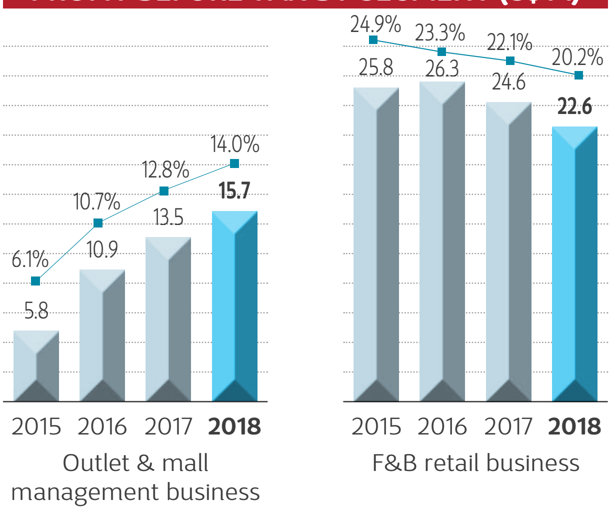
PROFIT BEFORE TAX (S$'M)/MARGIN (%)



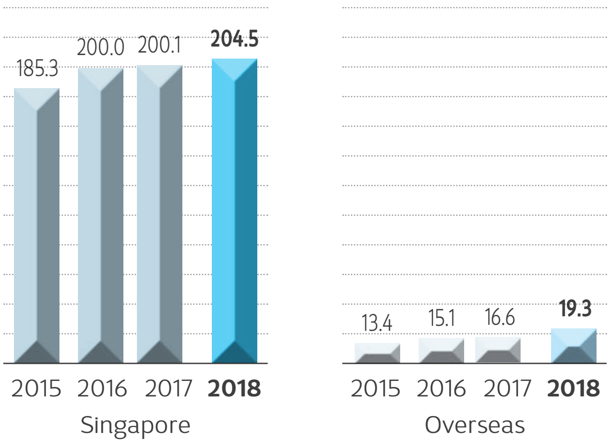
REVENUE BY SEGMENT (S$'M)



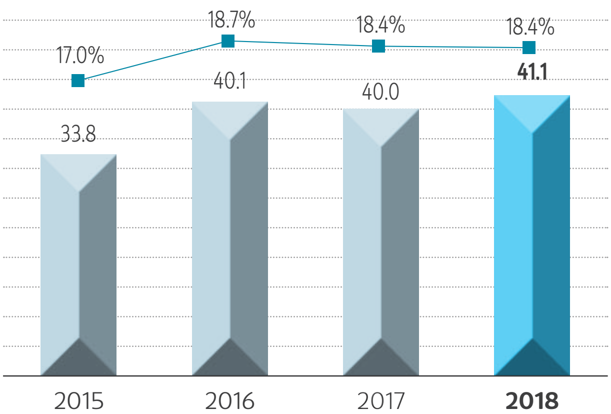
PROFIT BEFORE TAX BY SEGMENT (S$'M)



REVENUE BY GEOGRAPHY (S$'M)



EBITDA (S$'M)/MARGIN (%)



FINANCIAL Highlights

	2015 S$'000	2016 S$'000	2017 S$'000	2018 S$'000
Income Statement				
Group Revenue	198,656	215,105	216,679	223,840
Revenue by Segment				
- Outlet & mall management business	95,020	102,241	105,360	112,317
- F&B retail business	103,636	112,864	111,319	111,523
Revenue by Geography				
- Singapore	185,305	199,966	200,082	204,526
- Overseas	13,351	15,139	16,597	19,314
Group Profit before Taxation and Non-Controlling Interest	24,256	30,612	32,114	29,431
Profit before Tax by Segment				
- Outlet & mall management business	5,805	10,909	13,521	15,683
- F&B retail business	25,849	26,312	24,618	22,565
Group EBITDA	33,797	40,140	39,965	41,138
Group Profit after Taxation and Non-Controlling interest	20,605	25,882	26,819	24,476
Net profit attributable to owners of the Company	20,605	25,882	26,869	24,509
Financial Position				
Total Assets	161,460	186,846	107,211	159,695
Total Liabilities	78,439	83,960	64,095	68,167
Total Shareholder's Equity	83,021	102,886	43,116	91,528
Cash and Cash Equivalents	38,317	49,043	53,043	60,979
Per Share Information				
Earnings Per Share (cents)	4.27	5.36	5.56	4.75
Net Asset Value Per Share (S$)	0.17	0.21	0.09	0.16
Key Ratios				
EBITDA margin (%)	17.0%	18.7%	18.4%	18.4%
Profit before tax margin (%)	12.2%	14.2%	14.8%	13.1%
Profit after tax margin (%) – attributable to owners of the company	10.4%	12.0%	12.4%	10.9%
Gearing Ratio	0.34	0.16	0.04	0.05
Debt-to-Equity Ratio	0.94	0.82	1.49	0.74
Return on Shareholders' Funds (%)	25%	25%	62%	27%

FINANCIAL & OPERATIONS Review

OPERATIONS REVIEW

2018 was a momentous transformational year of unprecedented growth and achievement as we embarked on our path towards further expansion.

Despite the headwinds faced in the F&B industry, the Group achieved the successful listing on the Mainboard of the Singapore Stock Exchange in July 2018, with net proceeds of approximately S$70.5 million, through the offering of 97,008,000 shares at S$0.63 each. The keen support and interest from institutional, high net worth and retail investors in our IPO is a strong vote of confidence for our Group, and a recognition of our established track record and growth prospects.

With the operations in Singapore and Macau as our bedrock of growth, the Group remains steadfast in expanding the business, as we leverage on our experience and track record to further our footprint into overseas markets, which may potentially include the People's Republic of China, Malaysia, Indonesia and Australia.

FINANCIAL HIGHLIGHTS

Leveraging on our multi-brand strategy and years of operating success, Koufu achieved a record revenue of S$223.8 million in FY 2018, supported by earnings growth for both the outlet & mall management and the F&B retail business segments, in Singapore and overseas in Macau.

The Group's EBITDA increased by S$1.1 million to S$41.1 million in FY 2018, compared to S$40.0 million in FY 2017.

Koufu food court at Fusionopolis opened in January 2018

Excluding one-off IPO transaction costs of S$1.5 million in FY 2018, the adjusted EBITDA increased by 6.8% to S$42.7 million from S$40.0 million over the comparative period. NPAT attributable to owners of the Company declined 8.9% to S$24.5 million in FY 2018 from S$26.9 million in FY 2017. Excluding one-off IPO transaction costs of S$1.5 million in FY 2018 and finance income from convertible notes of S$1.3 million in FY 2017, the Group's adjusted NPAT attributable to owners of the Company increased 1.9% to S$26.1 million from S$25.6 million over the same corresponding year.

Koufu's cash generation remained strong with S$39.1 million in net cash generated from operating activities. Similarly, its robust balance sheet reported cash and cash equivalents of S$61.0 million and net cash of S$56.2 million as at 31 December 2018, signifying headroom for further growth.

As at 31 December 2018, the Group's shareholders' equity stood at S$91.5 million.

OUTLET & MALL MANAGEMENT

The Group's extensive outlet & mall management network remains relatively steady with a total count of 47 food courts (inclusive of 1 food court in Macau), 15 coffee shops, a hawker centre and a commercial mall, as at 31 December 2018.

Revenue for this segment grew by S$6.9 million, or 6.5% increase, from S$105.4 million in FY 2017, to S$112.3 million in FY 2018.

The growth in revenue was mainly lifted by 3 new food courts and 1 coffee shop that opened in FY 2018, and the contribution from 1 new food court, 1 coffee shop and 1 hawker centre which commenced operations in FY 2017.

In particular, the Group achieved a milestone with its first entry into hospitals through the successful tender of the *Koufu* food court at the Sengkang General and Community Hospital, which opened in July 2018, and has since commenced positive contributions to this segment.

FINANCIAL & OPERATIONS Review

The Group also opened a *Happy Hawkers* coffee shop at the new industrial building, T-Space @ Tampines and has likewise, contributed positively to the Group's outlet & mall management segment revenue.

The *Rasapura Masters* food court at Marina Bay Sands ("MBS"), which demonstrated Koufu's ability to operate and manage a premium food court in Singapore's iconic, high-end shopping mall, completed its upgrading and refurbishment works from April to July 2018. The temporary four-month closure partially offset the growth in segment revenue. It has since commenced full operations on 1 August 2018 and should contribute positively in FY 2019 and thereafter.

Outlet & Mall Management	FY 2018	FY 2017
Revenue (S$'m)	112.3	105.4
Revenue Contribution (%)	50.2	48.6

Koufu food court opened at Sengkang General and Community Hospital in July 2018, our first entry into hospitals

Rasapura Masters food court at MBS was re-opened in August 2018 after a four-month upgrading and refurbishment

The increase in segment revenue was also partially offset by this temporary closure of the MBS food court as well as the closure of 3 food courts and 1 coffee shop which were mostly unprofitable, as part of Koufu's two-year period of consolidation to close unprofitable outlets in FY 2017 and FY 2018.

Looking ahead, Koufu plans to bring the total number of food courts to 52 (inclusive of 1 upcoming food court in Macau) and coffee shops to 16. Subsequent to year-end, two of these *Koufu* food courts were opened at The Woodgrove, in January 2019, and Buangkok Square in February 2019, whilst *Koufu* food courts at 164 Kallang Way, Le Quest at Bukit Batok and coffee shop at Blk 289C Compassvale Crescent are slated to open progressively in the upcoming financial year.

Overseas in Macau, the *Koufu* food court at Sands Cotai Central, Macau continues to generate steady earnings as we look forward to further our expansion with the opening of our second *Koufu* food court abroad, at Macau University in Q2 2019.

F&B RETAIL

The F&B retail segment consists of 71 self-operated F&B stalls (inclusive of 2 F&B stalls in Macau), 10 F&B kiosks (inclusive of 1 F&B kiosk in Macau), 8 QSRs and 3 full-service restaurants, as at 31 December 2018.

The F&B retail segment revenue held steady with a marginal 0.2% increase in revenue from S$111.3 million in FY 2017 to S$111.5 million in FY 2018.

Revenue growth was mainly attributable to 4 new F&B stalls, 6 F&B kiosks and 2 QSRs which commenced operations in FY 2018. This was offset partially by closure of

FINANCIAL & OPERATIONS Review

R&B Tea at MBS opened in August 2018

Signature drink of R&B Tea

F&B Retail	FY 2018	FY 2017
Revenue (S$'m)	111.5	111.3
Revenue Contribution (%)	51.4	49.8

3 QSRs and 12 F&B stalls in FY 2018, as well as the temporary closure of MBS food court for progressive refurbishment works.

In the upcoming year, the Group will be expanding its F&B kiosks under the *R&B Tea* and *Supertea* brands, having secured 10 new locations in Singapore. This included the 4 outlets at 100 AM mall, Tampines MRT, Parkway Parade and Yew Tee Point, which opened in January 2019, Buangkok Square which was opened in March 2019, and another 5 outlets at Harbour Front, Far East Square, Wisma Atria, Rivervale Plaza and 164 Kallang Way, expected to open progressively by Q3 2019.

Overseas in Macau, Koufu opened its first *Supertea* F&B kiosk in Cotai Sands, Macau in May 2018, and its first *R&B Tea* F&B kiosk in the food court at Macau University in March 2019. Together with the pipeline openings in Singapore, this will bring the total number of F&B kiosks to 21.

Additionally, Koufu expects to open 2 *Elemen* full-service restaurants at the new Paya Lebar Quarter and Great World City in Q2 2019, bringing the total number of full-service restaurants to 5.

OUTLETS OPENED IN FY 2018

OUTLET & MALL MANAGEMENT

Koufu	新食尚 Gourmet Paradise	HAPPY hawkers 喜多福
2	1	1

F&B RETAIL

R&B巡茶	grove	Supertea
5	1	2

FINANCIAL & OPERATIONS Review

DIGITALISATION & TECHNOLOGY INNOVATION

Since our inception, Koufu seeks to continuously improve our productivity and efficiency through digitalisation and technology innovation, which includes the increased automation in our processes. Till date, we have more than 40 smart tray return robots deployed to more than 16 of our food courts and coffee shops, as well as the implementation of self-ordering and payment kiosks.

Koufu has also implemented the NETS unified payment terminals across 18 food courts, with plans to roll out to all food courts by 2019. We have also set up the RFID tray return system, integrated with the centralised dishwashing area at our Jurong West Hawker Centre.

With online food delivery as a strong emerging trend in F&B, Koufu has since partnered with third-party service providers to implement the *Koufu Eat* mobile ordering application to 17 food courts, rewarding customers who order and pay using the application with a 10% discount.

Moving forward, Koufu plans to roll out its delivery services to most of our F&B outlets by 2019, providing a platform for Koufu and its tenants to reach out to a wider customer base and capture additional sales revenue.

OUTLOOK & GROWTH PLANS

With the greater financial flexibility brought about our IPO war chest, we have commenced construction of our game-changing integrated facility at Woodlands Avenue 12, which is expected to be completed by 2020. The 7-storey, 20,000 square metre proposed integrated facility is five times larger than our existing central kitchens and headquarters.

With the inclusion of a larger central kitchen and state-of-the-art kitchen equipment, the proposed facility will serve as a growth catalyst in the mid-term as we potentially expand our business to include the supply of certain food products to third parties, to gain access to new markets both locally and overseas.

Looking ahead, we will continue to strive towards value creation and improved efficiency as we lead the industry with technology adoption and innovation, in line with the government's call for greater productivity, to stay ahead and relevant to our stakeholders and customers.

More than 40 of such smart tray return robots deployed to more than 16 of our food courts and coffee shop

Elemen restaurant at Millenia Walk serving meatless cuisine

OUR Awards and Accolades

Koufu Group Limited was successfully listed on the Mainboard of Singapore Stock Exchange on 18 July 2018

2017 - 2018

Wine & Dine Singapore's Top Restaurants 2017/2018 (Elemen)

2017

RAS Epicurean Star Award 2017 – Winner of Best Asian Casual Dining (Elemen)

2017 - 2018

Best Asian Restaurants 2017/2018 – Bronze (Elemen)

2016

Singapore Productivity Awards 2016, Excellence in F&B Sector

2008 - 2018

Singapore 1000 Award (S1000)

2007

SME 500 Company Award

2005 - 2009

Enterprise 50 Outstanding Business Award

2009

Enterprise 50 Five-Year Award

2007

Singapore 50 Fastest Growing Companies Award

2006

Singapore Promising Brand Award (Most Distinctive Brand)

2004 - 2006

Singapore Promising Brand Award (Silver Award)

2005 - 2006

Golden Brand Award

2004 - 2005

Superbrands Award

MULTI-BRAND Strategy

Koufu (口福) refers to the Chinese belief that it is one's good fortune to feast on good food. Using the same belief and to bring forth 'Koufu' to everyone, we make it our mission to offer accessible good food and services steeped in traditional Singaporean cuisine and culture.

As consumers become more discerning, we strive to tow a balance between price, ambience and the full dining experience through our portfolio of household brands, reaching out to all consumer segments at various price points while staying true to our core values in our vision for *Better Food, Better People, Better Life.*

With a comprehensive portfolio of strong brands, Koufu is able to reach out to different market segments at different price ranges to expand its market share and capture business opportunities in each target segment.

MULTI-BRAND Strategy

FOOD COURTS

KOUFU

Our flagship food court brand has flourished from our first outlet at HDB hub to 37 *Koufu* branded food courts across Singapore and Macau. Combining Singaporean coffee shop tradition with modern food court management style and contemporary store designs, Koufu provides accessible local delights to heartlanders in residential areas, commercial malls, and tertiary educational institutions. It recently made its first foray into hospitals with the launch of the *Koufu* food court at Sengkang General and Community Hospital in 2018.

RASAPURA MASTERS

Centrally located at MBS, a trip to *Rasapura Masters* transports you back to colonial Singapore where streets are lined with a myriad of food carts, filled with hawkers peddling mouthwatering street-fare in baskets balanced on shoulder sticks. *Rasapura Masters* is the food destination of choice showcasing to the world Singapore and Asia's richest variety of gastronomic gems.

COOKHOUSE BY KOUFU

Taking inspiration from its surroundings, *Cookhouse* is a premium-themed food court in centrally-located commercial malls and complexes that creatively incorporates the uniqueness of its locations into its interior designs to create unique dining experiences. *Cookhouse* offers reputable international and local hawker fares that will satisfy every differing taste and preference of our multi-racial community. It is the perfect place for co-workers, families and friends to bond over good food while immersing in a comfortable and special atmosphere.

FORK & SPOON

Different cultures across the world utilise different dining instruments, yet the humble fork and spoon – universal in its application – manages to transcend them all. Its ease of use comes almost naturally, just like how our halal food court, *Fork & Spoon*, is focused on creating an easy and comfortable environment serving up local favourites that are favoured by our Muslim friends.

GOURMET PARADISE

Gourmet Paradise is the heart of an Asian home; it is an informal dining space where food is prepared and consumed, conversations are shared and around which family life revolves. Here in *Gourmet Paradise*, we seek to provide the same comforting and familiar place where friends and families gather, to enjoy food cooked from the heart.

MULTI-BRAND Strategy

COFFEE SHOPS

HAPPY HAWKERS

Created for Singaporeans in the heartlands or residential areas, *Happy Hawkers* celebrates the rich Singaporean food culture that transcends all races and traditions. It represents a nostalgic return to the flourishing, casual vibes of the '70s where simple pleasures at the humble coffee shop are fondly recollected by many. The wide-ranging spread of wallet-friendly, all-time local favorites will whet the appetites of Singaporeans from all races, nationalities, ages and walks of life.

F&B KIOSKS/STALLS

R&B TEA

R&B Tea is a tea concept centered on the use of fresh fruits and all-natural components to create over 30 tea-based concoctions, ranging from fruit-loaded brews, macchiato teas capped with oolong tea-infused milk foam or cheese cream, to multi-colored concoctions swirled with yogurt and milk. The brand places great emphasis on the origins of the tea leaves that dictates the preparation process to ensure the perfect tea blend. No. 23 Oolong is *R&B*'s specialty tea blend, which uses Minnan Oolong and Qing Xin Oolong cultivated on Taiwan's Dong Ding Mountain, the original oolong tea plantation that produces premium tea leaves.

1983 – A TASTE OF NANYANG

Weaving together a strong flavour of "Nanyang" in the '80s – a nostalgic term referring to the region spanning Malaysia, Singapore and Indonesia – *1983* brings back the wonderful experience of a bygone era. Its signature pandan nasi lemak dates back to a humble little stall set up by a man named Ah Goh at Malacca street, whose aromatic pandan coconut rice accompanied by a special sweet and spicy sambal became a strong household name patronised by many. *1983* strives to retain the flavour of those times through the freshness of the ingredients, the fragrance of the rice and the texture of the sambal, amongst other nostalgic tastes from that era.

FULL-SERVICE RESTAURANTS

ELEMEN

Elemen offers meatless casual dining with an interesting fusion of local and western cuisine focused on the health conscious consumer and upholding the sustainability of mother nature. All ingredients at *Elemen* are carefully prepared to optimise the natural taste and nutrients during the process of cooking. Dedicated to enhancing the well-being of its diners, its menu is inspired by Western, Japanese and Asian cuisines, offering a wide array of wholesome dishes including Mushroom Risotto with Black Truffle, Tempura Tofu with Avocado Roll, Sizzling Quinoa Brown Rice, amongst many more.

MULTI-BRAND *Strategy*

QUICK SERVICE RESTAURANTS

GROVE

Grove serves meat-free modernised fare inspired by Asian and local cuisines, offering bento rice sets, noodles (ramen), light snacks, bottled fruit juices and iced floral tea. Some of its signature dishes include the Signature Dry Truffle Ramen, Dry Kung Pao Ramen and Tomato Soup Spinach Noodle. Its dishes are carefully curated and handcrafted to suit the needs of health-conscious cosmopolitans who crave wholesome daily meals at affordable price points.

1983 COFFEE & TOAST

Riding on the success of *1983 – A Taste of Nanyang*, the halal-certified *1983 – Coffee & Toast* is a bite-sized, hassle-free dining option offering a delectable selection of local delights including a special blend of traditional Hainanese Coffee, Kaya-Butter Toast Set, Nasi Lemak, Mee Rebus, and many more.

SUPERTEA

Supertea is founded by a bunch of passionate artisan tea lovers with a vision to revolutionise the tea-drinking experience. The new café concept aims to bring the ultimate tea experience from Taiwan as it places great emphasis on the origins of the tea leaves and delicate preparation to ensure the perfect tea blend. Handcrafted with imported tea leaves from the high mountains of Taiwan, enjoy bold, authentic creations from our Crazy Tea Lab. Its first flagship store has opened in Millenia Walk, Singapore and the second one at Cotai Sands, Macau.

COMMERCIAL MALL

PUNGGOL PLAZA

Punggol Plaza is a 4-storey development comprising about 50 retail outlets. Its anchor tenants include FairPrice, Koufu Food Court, Specialist Medical Centres and clinics, Watsons and education centres. The Koufu open air seafood food court enables residents to dine in a casual ambience, reflecting the old-world charm of Punggol, while the Punggol Fresh Market satisfies nearby residents' needs for daily fresh produce. The mall serves over 10,000 residents of Punggol North, with a total catchment of about 50,000 Pasir Ris-Punggol GRC residents.

INVESTOR Relations

OBJECTIVES

Maintain effective and proactive communication with shareholders and investment community

Having been listed recently, Koufu recognises the importance of building and maintaining strong relationships with its shareholders and stakeholders through meetings with the investment community, ensuring effective communication and upholding best corporate governance practices.

Ensure timely and accurate disclosure of Koufu's business strategies, performance and latest corporate developments

Koufu actively maintains an investor relations web page on its corporate website that is a one-stop investor platform providing timely updates on the Group's latest news, announcements, financial and share price information. The Group's internal and external investor relations team also works closely together to respond promptly to queries from the investment community, and keeps members of the media updated on Koufu's latest developments through news releases and media interviews.

Uphold best corporate governance practices

Through various one-on-one meetings, results briefings and non-deal roadshows, Koufu's management engaged with sell-side equity research analysts, buy-side fund managers and institutional investors during the financial year. Despite being listed only in July 2018, Koufu is currently covered by three research houses* and had secured four unrated reports during the financial year. The Group will continue to harness these relationships moving forward in its effort to improve the market's familiarity.

INVESTOR RELATIONS CALENDAR

FY2018	
3 September 2018	Q2 2018 Results Announcement
3 September 2018	Q2 2018 Results briefing attended by sell-side equity analysts, family and boutique funds
3 September 2018	Institutional briefing hosted by DBS Group Research
5 September 2018	Retail briefing organised by Maybank Kim Eng
15 October 2018	"Undiscovered Gems" conference hosted by RHB Research Institute
9 November 2018	Q3 2018 Results Announcement
FY2019	
8 January 2019	Pulse of Asia conference organised by DBS Vickers Securities
26 February 2019	FY 2018 Results Announcement
28 February 2019	FY 2018 Results briefing attended by sell-side equity analysts, family and boutique funds
19 March 2019	Retail briefing hosted by UOB Kay Hian
26 March 2019	Results briefing to fund managers hosted by UOB Kay Hian
24 April 2019	Annual General Meeting
May 2019	Q1 2019 Results Announcement
August 2019	Q2 2019 Results Announcement
November 2019	Q3 2019 Results Announcement
February 2020	FY 2019 Results Announcement

* *Coverage by Equity Research Houses*
- *DBS Group Research*
- *UOB Kay Hian*
- *Lim & Tan Securities*

GROUP Structure

- **Koufu Group Limited**
  - **100% Koufu Pte Ltd**
    - 100% Koufu Macau Limited *(incorporated in Macau)*
    - 100% Elemen F&B Pte Ltd
    - 100% Abundance Holdings Pte Ltd
    - 70% Jurong West HC (637) LLP(2)
    - 100% Hawker Management Pte Ltd
    - 100% Koufu (HK) Limited *(incorporated in Hong Kong)*
    - 100% Koufu F&B Investment Pte Ltd
      - 30% Hock Kee F&B Pte Ltd(3)
    - 49% Woodlands 548 Food court Pte Ltd(4)
    - 100% Koufu Gourmet Pte Ltd
      - 100% Delijoy Pte Ltd
    - 100% 1983 F&B Pte Ltd
      - 41% 1983 Taste of Nanyang (Shanghai) Co., Ltd. *(incorporated in China, Shanghai)* (*) (1)
        * in the midst of striking off
    - 60% Super Tea (S) Pte Ltd(5)
      - 100% R&B (Macau) Ltd *(incorporated in Macau)*

Notes:

(1) The remaining 59.0% of 1983 Taste of Nanyang (Shanghai) Co., Ltd. is held by Mr. Yam Chau Wang and Ms. Xiang Xu (holding 10.0% and 49.0% respectively), each of whom is an unrelated third party.

(2) The remaining 30.0% partnership interest in Jurong West HC (637) LLP is held by Ms. Toh Poh Tin, an unrelated third party.

(3) The remaining 70.0% of Hock Kee F&B Pte. Ltd. is held by Ms. Lai Yuying and Mr. Liu Yang Huan (holding 35.0% each), each of whom is an unrelated third party.

(4) The remaining 51.0% of Woodlands 548 Food court Pte. Ltd. is held by Mr. Yam Ying Lim and Mr. Wee Hui Tong (holding 50.0% and 1.0% respectively), each of whom is an unrelated third party.

(5) The remaining 40.0% of Super Tea (S) Pte. Ltd. is held by Mr. Tan Chih Wen, Mr. Tan Yi Wen and Mr. Chuang Chih Chung (holding 20.0%, 10.0% and 10.0% respectively), each of whom is an unrelated third party.

CORPORATE Information

BOARD OF DIRECTORS

MR. PANG LIM (Executive Chairman and Chief Executive Officer)
MDM. NG HOON TIEN (Executive Director)
DR. YU LAI BOON (Lead Independent Non-Executive Director)
MR. TAN HUAY LIM (Independent Non-Executive Director)
MR. HOON TAI MENG (Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Tan Huay Lim (Chairman)
Dr. Yu Lai Boon
Mr. Hoon Tai Meng

NOMINATING COMMITTEE
Dr. Yu Lai Boon (Chairman)
Mr. Pang Lim
Mr. Hoon Tai Meng

REMUNERATION COMMITTEE
Mr. Hoon Tai Meng (Chairman)
Dr. Yu Lai Boon
Mr. Tan Huay Lim

COMPANY SECRETARY
Mr. Seah Hai Yang (FCA)

REGISTERED OFFICE
18 Woodlands Terrace
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COMPANY REGISTRATION NO.
201732833D

SHARE REGISTRAR
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Partner-in-charge: Ms. Teo Han Jo
(Appointed since financial year ended 31 December 2010)

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UNITED OVERSEAS BANK LIMITED
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Ms. Chua Sher Lin
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Dolores Phua/Amelia Lee
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Tel: +65 6534 5122

CORPORATE Governance

ABOUT KOUFU GROUP LIMITED

Koufu Group Limited (the "Company") was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 July 2018.

The Board of Directors (the "Board") is committed to ensure that high standards of corporate governance are practiced throughout the Company and its subsidiaries (collectively the "Group"), as a fundamental part of its responsibilities to protect and enhance shareholders' value and the financial performance of the Group. In this respect, the Company adopts practices based on the principles and guidelines set out in the Singapore Revised Code of Corporate Governance 2018 (the "Code"). The Group also ensures that all applicable laws, rules and regulations including the Securities and Futures Act and the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") are duly complied with.

Since date of listing till 31 December 2018 (Period ended 2018 "PE 2018") and as at the date of issuing of the Corporate Governance Report, the Group has conformed to the Principles of the Code and strives to comply with the Provisions set out in the Code and where it has deviated from the Provisions set out in the Code, appropriate explanations are provided.

A. 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, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and control the Group. The Board is responsible for the overall business and management of the Group, and to protect and enhance the long-term value and returns for its shareholders. The Board's roles include:

(a) providing entrepreneurial leadership, setting strategic directions and overall corporate policies of the Group and to focus on value creation, innovation and sustainability;

(b) ensuring that the necessary resources are in place for the Company to meet its strategic objectives;

(c) establishing and maintaining a sound Risk Management Framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company's performance;

(d) supervising, monitoring and reviewing the performance of the Management team;

(e) instilling an ethical corporate culture and ensuring that the Company's values, standards, policies and practices are consistent with the culture; and

(f) ensuring transparency and accountability to key stakeholder groups.

CORPORATE Governance

Fiduciaries: All Directors objectively discharge their duties and responsibilities as fiduciaries and take decisions in the best interests of the Group at all times. The Board puts in place a code of conduct and ethics, set desired organisational culture and ensures proper accountability within the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where the Director faces a conflict of interest, he or she would recuse himself or herself from discussions and decisions involving the issues of conflict.

Provision 1.1 of the Code

Induction, Training and Development: Prior to the listing of the Company, three new Independent Directors, namely Dr. Yu Lai Boon, Mr. Tan Huay Lim and Mr. Hoon Tai Meng were appointed in June 2018. The Company provides a comprehensive orientation programme to familiarise the new Directors with the Company's businesses, accounting control policies, procedures and the Risk Management Framework and internal control policies and procedures, including an overview of the written policies and procedures in relation to the financial, operational and compliance controls; as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles. All Directors were actively involved in the verification meetings during the initial public offering ("IPO") process, where they sought advice and guidance from external advisors as part of their induction programme.

Provision 1.2 of the Code

The Directors had also visited the Group's operational facilities and meet with the Management team to gain a better understanding of the Group's business operations which includes the food courts and central kitchen operations. Each Director is provided with an updated manual containing Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, as well as restrictions on the disclosure of price sensitive information.

The Board comprises three Directors, namely, Mr. Pang Lim, Mdm. Ng Hoon Tien and Dr. Yu Lai Boon, who have no prior experience as a director of a Company listed on the SGX-ST. All three Directors went through the mandatory training programme conducted by the Singapore Institute of Directors in 2018.

Rule 210(5)(a) of the SGX-ST

The Directors are updated regularly with changes to the Listing Rules of the SGX-ST, Risk Management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. 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. The Company Secretary would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend seminars and training to update themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarizes the Directors on the business activities of the Company during Board and Board Committees' meetings.

CORPORATE Governance

Matters reserved for the Board: The Group has formalised a set of internal guidelines for matters reserved for the Board's approval. These include:

Provision 1.3 of the Code

(a) business, strategy and capital expenditure budgets;

(b) acquisitions, investments and disposals exceeding certain threshold limits;

(c) overall corporate strategy and changes to the corporate structure;

(d) recommendation/declaration of dividend and financial reporting;

(e) circulars to shareholders and announcements to be submitted to the SGX-ST;

(f) material regulatory matters or litigation;

(g) appointment of Directors and key executives, Company Secretary of the Company and terms of reference for the Board Committees;

(h) compliance matters associated with the Listing Manual, Securities and Futures Act or other relevant laws and regulations; and

(i) convening of general meetings.

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the Management team of the Group regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements.

Board Committees: To assist in the execution of its responsibilities, the Board is supported by three board committees, namely the Audit and Risk Management Committee (the "ARMC"), Nominating Committee (the "NC") and the Remuneration Committee (the "RC") (collectively "Board Committees"). As the Board retains ultimate responsibility on all decisions, all matters discussed at the Board Committee meetings are presented and reported to the Board for approval prior to its implementation. The Board Committees function within clearly defined terms of reference and operating procedures, they also play an important role in ensuring good corporate governance in the Company and within the Group. The terms of reference of the Board Committees are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections, of this Corporate Governance Report.

Provision 1.4 of the Code/Rule 210(5)(e) of the SGX-ST

Meetings: The Board meets at least quarterly, and on an ad-hoc basis, if required, as deemed appropriate by the Board members, to review and discuss the performance of the Group, to approve the quarterly and full year results announcements as well as to oversee the business affairs of the Group. The calendar of all the Board and Board Committees meetings are scheduled in advance. The Board is free to seek clarification and information from the Management on all matters within their purview. Ad-hoc meetings are convened as may be necessary to address any specific significant matters that may arise. The Constitution of the Company and terms of reference for each individual Board Committee allow the Directors to participate in Board and Board Committees meetings to be held by means of telephonic, video conferencing or other communication facilities to communicate with each other simultaneously and instantaneously. Important matters concerning the Group are also put to the Board for its decision by way of written resolutions. Directors with multiple Board representations would ensure that sufficient time and attention are given to the affairs of the Company.

Provision 1.5 of the Code

CORPORATE Governance

The number of Board and Board Committees meetings and attendance of each Director at such meetings where relevant for PE 2018 are set out in the table below.

		Number of meetings held for FY 2018			
		Board	**Audit and Risk Management Committee**	**Nominating Committee**	**Remuneration Committee**
No. of meetings held during PE 2018		2	3	1	1
Board member	**Membership**				
Mr. Pang Lim	Executive Chairman, Chief Executive Officer ("CEO") and member of the NC	2	3*	1	1*
Mdm. Ng Hoon Tien	Executive Director	2	3*	1*	1*
Dr. Yu Lai Boon	Lead Independent Non-Executive Director, Chairman of the NC and member of the ARMC and RC	2	3	1	1
Mr. Tan Huay Lim	Independent Non-Executive Director, Chairman of the ARMC and member of RC	2	3	1*	1
Mr. Hoon Tai Meng	Independent Non-Executive Director, Chairman of the RC and member of ARMC and NC	2	3	1	1

* By invitation

Board information: The Management provides the Board with complete and adequate information in advance of meetings to enable the Directors to make timely decisions, effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

Provision 1.6 of the Code

Where the situation requires, Directors are entitled to request for additional information from the Management. Additional information requested by the Board are provided by the Management in a timely manner.

CORPORATE Governance

Board's access: The Board has separate and independent access to the Senior Management team and the Company Secretary at all times. *Provision 1.7 of the Code*

The Company Secretary and/or his representatives attend all Board and Board Committees meetings. The role of the Company Secretary has been formally established in the letter of engagement with the Company. The responsibilities set out include advising the Board on governance matters, facilitating the orientation of new Directors and assisting the Chairman of the Board in ensuring information flows within the Board and its Board Committees and between the Management and the Directors. The Company Secretary will also provide the Board with updates to regulations and legislations that the Company are required to comply with, as required. The appointment and removal of the Company Secretary is to be decided by the Board as a whole.

Where decisions to be taken by the Board require specialised knowledge or expert opinion, the Directors may direct the Company to appoint external advisers to enable it or the Independent Directors to discharge the responsibilities effectively, the cost of which will be borne by the Company.

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.

Board composition: The Board consists of five (5) members comprising the Executive Chairman who is also the CEO, one (1) Executive Director and three (3) Independent Non-Executive Directors:

Rule 1207(10B) of the SGX-ST

Mr. Pang Lim	(Executive Chairman and CEO)
Mdm. Ng Hoon Tien	(Executive Director)
Dr. Yu Lai Boon	(Lead Independent Non-Executive Director)
Mr. Tan Huay Lim	(Independent Non-Executive Director)
Mr. Hoon Tai Meng	(Independent Non-Executive Director)

Board Independence: The Board assesses the independence of each Director in accordance with the guidance provided in the Code. 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 his independent business judgement in the best interests of the Company. The Board has three (3) Independent Non-Executive Directors whose independence has been reviewed by the NC. *Provision 2.1 of the Code*

On an annual basis, each Independent Director is required to complete a "Confirmation of Independence" form to confirm his/her independence. The said form, which was drawn up based on the definitions and guidelines set forth in the Code and the Nominating Committee Guide issued by Singapore Institute of Directors. The Directors are required to disclose to the Board any such relationship as and when arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of relationship or circumstances which may appear relevant to the Board's determination.

The NC has reviewed the independence status of the Independent Directors, and is satisfied that Dr. Yu Lai Boon, Mr. Tan Huay Lim and Mr. Hoon Tai Meng are independent in accordance with the Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules of SGX-ST.

CORPORATE Governance

The NC had also examined the different relationships identified by the Code that might impair each Independent Director's independence and objectivity and concluded that all the Independent Directors are able to exercise Independent business judgement in the best interests of the Company and its shareholders. There is currently no Independent Director who has served on the Board for more than nine years.

Independent Directors: The composition of the Board complies with the Provision 2.2 of the Code where Independent Non-Executive Directors make up a majority of the Board where the Chairman of the Board is not independent.

Provision 2.2 of the Code

Non-Executive Directors: To facilitate a more effective review of Management, the Independent Non-Executive Directors communicate on an ad-hoc basis without the presence of the Management and Executive Directors to discuss the performance of the Management and any matters of concern. The current Board composition complies with the Provision 2.3 of the Code where Non-Executive Directors make up a majority of the Board.

Provision 2.3 of the Code

Board size: The size and composition of the Board is reviewed at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience and gender diversity for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of five (5) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of the Company's operations. No individual or small group of individuals dominate the Board's decision-making.

Provision 2.3 of the Code

Board diversity: The Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. The current Board comprises of a female Director and four male Directors with an age group ranging from 53 to 67 years old. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as real estate, accounting, finance, investment, Risk Management, Legal and Business Management. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, is of the view that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

Regular meetings for Independent Directors: Where appropriate, the Lead Independent Non-Executive Director meets periodically with the other Independent Non-Executive Directors without the presence of the Executive Directors and provides feedback to the Chairman of the Board after such meetings. Independent Directors fulfil a pivotal role in corporate accountability. Their presence is particularly important as they provide unbiased and independent views, advice and judgement to take care of the interests, not only of the Company but also of the shareholders, employees, customers, suppliers and the many communities with which the Company conducts business with.

Provision 2.5 of the Code

CORPORATE Governance

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 roles of the Chairman and CEO have been clearly separated, each having their own areas of responsibilities, as set out in the Board Charter approved by the Board as a whole, to ensure there is a clear division of responsibilities between the leadership of the Board and Management. *Provision 3.2 of the Code*

The Chairman is responsible for leading and ensuring the effectiveness of the Board. This includes promoting a culture of openness and debate at the Board, ensuring that the members of the Board work together with integrity and competency, facilitating the effective contribution of all Directors and promoting high standards of corporate governance. The Chairman also ensures appropriate relations within the Board and between the Board and the Management, engaging the Management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also ensures effective communication with shareholders and other stakeholders. The CEO has full executive responsibilities over the business directions and operational decisions in the daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board.

The Board noted that Provision 3.1 of the Code requires the Chairman and CEO to be a separate person in order to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. Presently, Mr. Pang Lim is the Chairman and the CEO of the Company. As recommended by the Code, Dr. Yu Lai Boon has been appointed as the Lead Independent Non-Executive Director. *Provision 3.1 of the Code*

Lead Independent Director: The Lead Independent Non-Executive Director is available to Shareholders where they have concerns and for which contact through the normal channels of the Chairman or the Chief Financial Officer are inappropriate or inadequate. *Provision 3.3 of the Code*

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee composition: The Board has established the NC that comprises two (2) Independent Non-Executive Directors and one (1) Executive Director who have been tasked with the authority and responsibility to devise an appropriate process to review and evaluate the performance of the Board as a whole and each of the Board Committees. The Chairman of the NC is Dr. Yu, who is also the Lead Independent Non-Executive Director. *Provision 4.2 of the Code*

The composition of the NC is as follows:–

Dr. Yu Lai Boon	–	Chairman
Mr. Hoon Tai Meng	–	Member
Mr. Pang Lim	–	Member

CORPORATE Governance

Nominating Committee role: The NC makes recommendations to the Board on all Board appointments. The NC has adopted a formal set of terms of reference approved by the Board. A summary of the NC's key responsibilities include:

Provision 4.1 of the Code

(a) making recommendations to the Board on the review of succession plans for all Directors, particularly the Chairman, the CEO and the Key Management Personnel;

(b) reviewing the composition of the Board annually ensuring that the Board and Board Committees comprise directors who as a group provide an appropriate balance and diversity of skills, expertise, gender, age, knowledge and core competencies of the Company;

(c) making recommendations to the Board on the review of training and professional development programs for the Board;

(d) carrying out at least annually, a formal assessment of the performance and effectiveness of the Board and each of the Board Committees to the effectiveness of the Board, based on the process implemented by the Board; and

(e) making recommendations to the Board on matters relating to the appointment and re-appointment of Directors.

The NC has started the process of review and recommendations of the abovementioned for PE 2018 and expects to complete the review and recommendations in FY2019.

Director appointment and re-appointment: The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new directors are required, the NC will identify the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the requirements of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the Directors' contacts and/or engage external consultants to source for potential candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval. The NC also conducts an annual review of the independence of a director having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rule of SGX-ST. Sufficient information will accompany all resolutions for the Directors' appointments and re-appointments to enable the Board to make informed decisions.

Provisions 4.3 and 4.4 of the Code

Pursuant to the Company's Constitution, at each AGM, one-third of the Directors for the time being, or if their number is not three or multiple of three, then the number nearest to one-third but not less than one-third shall retire by rotation and that all Directors shall retire at least once every three years and such retiring Director shall be eligible for re-election. In addition, any person appointed by the Directors either to fill a casual vacancy or as an additional Director, shall hold office only until the next annual general meeting and shall be eligible for re-election. Each member of the NC shall abstain from deliberation in respect to his nomination as a Director.

CORPORATE Governance

The NC has recommended to the Board that Mr. Pang Lim, Dr. Yu Lai Boon, Mr. Tan Huay Lim and Mr. Hoon Tai Meng be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and had tabled for shareholders' approval the re-election of Mr. Pang Lim, Dr. Yu Lai Boon, Mr. Tan Huay Lim and Mr. Hoon Tai Meng, who are retiring at the forthcoming AGM as Directors of the Company. The details of Mr. Pang Lim, Dr. Yu Lai Boon, Mr. Tan Huay Lim and Mr. Hoon Tai Meng who will be retiring by rotation at the forthcoming AGM to be held on 24 April 2019 are disclosed in the Directors' Profile on pages 7 to 8 of this Annual Report. The details of the Directors seeking for re-election are set out on pages 50 to 58 of this Annual Report. *Rule 720(6) of the SGX-ST*

In respect of each Director, the academic and professional qualifications, Board Committees served on (as member or Chairman), date of first appointment as Director, directorships and chairmanships both present and past held over the preceding three years in other listed companies, and other principal commitments, whether executive or non-executive, are set out in pages 49 to 50 of this Annual Report. *Provision 4.5 of the Code*

Multiple directorships: The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Company and in particular to take into account multiple directorships and significant principal commitments held by the Directors. The NC requires each Director to declare any new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance and contributions of the Directors to the Company. The Board has not imposed any limit as it is of the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors.

For PE 2018, the NC is satisfied that the other directorships and principal commitments of the Directors had not hindered them from carrying out their duties as Directors of the Company.

Alternate Directors: No Alternate Director was appointed to the Board in PE 2018.

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Board evaluation and criteria: The Code recommends that the NC be responsible for assessing the Board as a whole, and that of each of the Board Committees and individual Directors. *Provision 5.1 of the Code*

The Company was listed on SGX-ST on 18 July 2018, the Board has implemented a formal annual process for assessing the effectiveness of the Board as a whole and will implement a formal annual process for assessing the effectiveness for each of the Board Committees for the financial year ending 31 December 2019. For the financial period under review, each Director has completed the board evaluation forms adopted by the NC to assess the overall effectiveness of the Board as a whole and the results has been collated by the Chairman for review and discussion. The appraisal process focused on a set of performance criteria for the Board evaluation which includes the evaluation of the size and composition of the Board, the Board's access to information, the Board processes and accountability, Board performance in relation to discharging its principal responsibilities, communication with Key Management Personnel and the Directors' standards of conduct. *Provision 5.2 of the Code*

The results of the Board evaluation exercise were considered by the NC which would then make recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. The NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process, if the need arises.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: There should be 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.

Remuneration Committee composition: The Board has established a RC that comprises three (3) Independent Directors, namely Mr. Hoon Tai Meng, Dr. Yu Lai Boon and Mr. Tan Huay Lim. Mr. Hoon Tai Meng is the Chairman of the RC.

Provision 6.2 of the Code

Remuneration Committee role: The RC is established for the purposes of ensuring that there is a formal and transparent process for fixing the remuneration packages of individual Directors and key executives and makes recommendations to the Board on all remuneration matters. The RC has a formal set of terms of reference approved by the Board. A summary of the RC's key responsibilities includes:

Provision 6.1 of the Code

(a) reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and Key Management Personnel;

(b) periodic review and recommending to the Board the specific remuneration packages for each individual Director and Key Management Personnel to maintain attractiveness, retain and motivate Directors and Key Management Personnel to manage the Company with the alignment of the level and structure of remuneration with the long-term interest and risk policies of the Company;

(c) Reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.

Termination clauses: Termination clauses are included in the service agreements for Key Management Personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any Key Management Personnel during PE 2018.

Provision 6.3 of the Code

Remuneration experts: The Company has not engaged any remuneration consultants for PE 2018 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

Provision 6.4 of the Code

CORPORATE Governance

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.

Provision 7.1 and 7.3 of the Code

Remuneration framework: The Company advocates a performance based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus structured so as to link rewards to the sustainable performance and value creation of the Company. Executive Directors are entitled to an annual incentive bonus of a sum calculated based on the consolidated profits before tax of our Group as per the audited financial statements for the relevant financial year. Key Management Personnel are entitled to a variable performance bonus calculated based on the enterprise value added framework which measures value creation by Key Management Personnel taking into consideration the Company's cost of working capital.

In determining such remuneration packages, the RC will ensure that they are adequate by considering, in consultation with the Chairman of the Board, the respective individual's responsibilities, skills, expertise and contribution to the Company's performance, and whether they are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent, without being excessively generous and be able to motivate the Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company for the long term.

Long-term incentives: The Company has also adopted a Management Retention Scheme that is awarded to Key Management Personnel as long-term incentives payable over a period of three (3) years. This serves as a retention scheme to reward and retain Key Management Personnel whom have contributed to the growth and success of the Group. Such incentives can be in cash or in shares under the Koufu Performance Share Plan (KFSP). The KFSP had been approved by the Shareholders at the extraordinary general meeting held on 27 June 2018. The objectives of the KFSP include retention of key employees of the Group whose contributions are essential to the long-term growth and profitability of the Group, instilling loyalty and a stronger identification by participants with the long-term goals of the Company and attraction of potential employees with relevant skills to contribute to our Group creating value for the shareholders so as to align the interests of participants to the interests of the shareholders. Under the KFSP, the aggregate number of shares to be issued shall not exceed 15% of the total issued share capital (excluding treasury shares and subsidiary holdings) and will be in force for a maximum period of ten (10) years commencing from 27 June 2018.

The selection of a Participant and the number of shares to be granted in accordance to the KFSP is determined in the absolute discretion of the Remuneration Committee, taking into criteria such as his/her rank, job performance during the performance period, potential for future development, his/her future contribution to the success and development of the Group and the extent of effort to achieve the performance target(s) within the performance period. Controlling Shareholders of the Group are not eligible to participate in the KFSP.

CORPORATE Governance

Non-Executive Director remuneration: The RC has adopted a framework which consists of a base fee to remunerate Independent Non-Executive Directors based on their appointments and roles in the respective Board Committees, taking into account the level of contribution and factors such as effort, time, spent, and responsibilities and the fees paid by comparable companies. Directors' fees to be paid to the Independent Non-Executive Directors will be tabled for shareholders' approval. The Directors' fees are reviewed annually to ensure that the Independent Non-Executive Directors are not overcompensated to the extent that their independence may be compromised.

Provision 7.2 of the Code

Contractual provisions to reclaim incentives: The Company does not have any contractual provisions that allow for the reclaiming of incentive components from the Key Management Personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Company remunerates Key Management Personnel based on a balanced assessment of each individual's performance and the performance of the Group, taking into account industry benchmarking without setting excessive bonuses. Furthermore, the Company believes that there are alternative legal avenues to these specific contractual provisions that will enable the Company to recover financial losses arising from such exceptional events from the Key Management Personnel.

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.

Remuneration disclosures: The remuneration package of Key Management Personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the Key Management Personnel's Central Provident Fund ("CPF") account, and a variable cash component.

The variable cash component is dependent on a Key Management Personnel's ability to achieve the performance targets, both personal and that of the Group. This aligns the compensation of Key Management Personnel with that of the shareholders in terms of value creation. The Group advocates a win-win strategy for all stakeholders including the employees, stall tenants, suppliers and customers. Key performance indicators for Key Management Personnel are aligned to the interests and value creation to all stakeholders.

Though the KFSP is in place, the Company had not granted share awards to any employees and Directors under the KFSP during PE 2018.

The Board believes that the current remuneration framework allows the Company to attract sufficiently qualified talent.

CORPORATE Governance

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for the financial year ended 31 December 2018 is set out below:–

Provisions 8.1(a) and 8.3 of the Code

Name of Director	Salary[1] (%)	Variable Performance-Related Income/ Bonuses (%)	Benefits-in-Kind (%)	Directors Fees[2] (%)	Total (%)
Above S$1,000,000 and below S$1,250,000					
Pang Lim	36	64	–	–	100
Ng Hoon Tien	36	64	–	–	100
Up to S$250,000					
Yu Lai Boon*	–	–	–	100	100
Tan Huay Lim*	–	–	–	100	100
Hoon Tai Meng*	–	–	–	100	100

Note:

* Appointed on 28 June 2018

Provisions 8.1(b) and 8.3 of the Code

Name of Key Management Personnel (who are not Directors)	Designation	Base/Fixed Salary and Statutory Contributions[1] (%)	Variable or Performance-Related Income/ Bonuses (%)	Benefits-in-Kind (%)	Total (%)
Above S$250,000 and below S$500,000					
Chua Sher Lin	CFO	48	52	–	100
Up to S$250,000					
Choo Teck Chuan**	COO	93	7	–	100
David Yang Ching Wei***	CDO	87	13	–	100
Tham Poh Cheong****	CSO	93	7	–	100
Ng Lian Leck	Head, Procurement	60	40	–	100

Notes:

** Appointed on 1 April 2018

*** Resigned on 15 February 2019

**** Appointed on 1 August 2018

CORPORATE Governance

Immediate family member of Directors or Substantial Shareholders

Both Ms. Ng Lian Leck and Ms. Ng Lui Hong are sisters of Mdm. Ng Hoon Tien and whose remuneration exceeds S$50,000 in the financial year ended 31 December 2018. The Company uses the same basis for determining the compensation of the related employees and the compensation of other unrelated employees.

Provision 8.2 of the Code

Details of remuneration paid to the immediate family member of Directors or substantial shareholders whose remuneration exceeds S$50,000 for the financial year ended 31 December 2018 are set out below:

Name of employees who are immediate family member of Directors or substantial shareholders	Designation	Salary[1] (%)	Variable or Performance-Related Income/ Bonuses (%)	Benefits-in-Kind (%)	Total (%)
Above S$100,000 and below S$150,000					
Ng Lian Leck	Head, Procurement	60	40	–	100
Above S$50,000 and below S$100,000					
Ng Lui Hong	Team Lead, Accounts Payable	73	27	–	100

Save as disclosed, no other employee whose remuneration exceeded S$50,000 during the year is an immediate family member of any of the members of the Board, the CEO or substantial shareholders of the Company.

Notes:

(1) Salary is inclusive of fixed allowance and CPF contribution

(2) Directors' fees will be paid after approval is obtained from Shareholders at the forthcoming AGM

The aggregate total remuneration paid to the top five Key Management Personnel for the financial year ended 31 December 2018 is approximately S$1,053,000. The Company believes that it should not disclose the remuneration paid to each of the Director and Key Management Personnel in absolute amount due to the highly competitive market.

Performance conditions: The short-term incentives of bi-yearly performance bonus is mainly tied to the performances of the Group and the individual employee across a balanced set of key performance indicators including financial, operational, compliance and information technology focus areas to drive value creation. The long-term incentive is to award and retain Key Management Personnel who has contributed to the success and development of the Group and aims to motivate and retain them to achieve superior performance and continued growth and development of the Group. Key Management Personnel who have greater ability to influence strategic outcomes have a greater proportion of overall reward at risk.

CORPORATE Governance

C. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

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.

Risk governance: The Board has overall responsibility for the governance of risk and with the support of the ARMC, oversees the design, implementation and monitoring of the Risk Management and internal control systems. The Group has established adequate and effective Risk Management and internal control systems addressing financial, operational, compliance and information technology risks.

Provision 9.1 of the Code

The Group has engaged PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC") to develop an Enterprise Risk Management Framework to help the Board formally identify the Group's enterprise risks and to address internal controls covering financial, operational, compliance and information technology risks. These risks are prioritized based on risk appetite and risk tolerance levels that the Board has adopted. Key risks are escalated to, and discussed at, the Board level while all the other risks are handled at Management level and reported to the Board on an exceptional basis.

Annual review: The Management, the internal auditor (PwC), and the external auditor (KPMG LLP) conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions are reported to the ARMC. At least annually, the Board, with the assistance from the ARMC, reviews the adequacy and effectiveness of the Company's Risk Management and internal control systems, including financial, operational, compliance and information technology risks.

CEO and CFO assurance: On a quarterly basis, the Board receives assurance from the CEO and CFO that:

Provision 9.2(a) and 9.2(b) of the Code

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

In addition, the CEO and the Key Management Personnel have also given assurance to the Board that:

(b) the Risk Management and internal control systems are effective in addressing the financial, operational, compliance and information technology risks.

Board's conclusion: Based on the existing practices and reviews conducted by the Management and the Group's internal auditors and external auditors, the Board, with concurrence from the ARMC, is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for the type and volume of business that the Group currently operates.

Rules 610(5) and 719(1) of the SGX-ST

The Board recognises that the Risk Management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that all internal control systems contain inherent limitations and no system of Risk Management and internal controls can provide absolute assurance, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Audit Committee composition: The Board has established an Audit and Risk Management Committee ("ARMC") that comprises Mr. Tan Huay Lim, Dr. Yu Lai Boon and Mr. Hoon Tai Meng. Mr. Tan Huay Lim is the Chairman of the ARMC. All the members of the ARMC are Independent Non-Executive Directors. None of the Committee members of the ARMC are former partners or directors of the Company's existing audit firm (a) within a period of two years commencing on the date of their ceasing to be a partner of the audit firm and (b) for as long as they have any financial interest in the auditing firm.

Provision 10.2 and 10.3 of the Code

Audit and Risk Management Committee role: The ARMC has explicit authority to investigate any matters within its terms of reference and has full access to the Management especially in terms of resources and information to enable the ARMC to discharge its duties properly. The ARMC has full discretion to invite any Director or the Management to attend its meetings.

Provision 10.1 of the Code

The Board has established an ARMC broadly to make recommendations to the Board on all matters pertaining to the integrity of the financial statements, Risk Management and internal control systems, internal auditors, external auditors and the whistleblowing program. The ARMC has adopted formal terms of reference approved by the Board.

The main functions of the ARMC are as follows:

1. Reviewing the audit plan of the Company's external auditors and adequacy of the system of internal accounting control;
2. Reviewing significant financial reporting issues and judgments to ensure integrity of the Group's financial statements and announcements relating to its financial performance;
3. Reviewing the adequacy and effectiveness of the Group's Risk Management and internal control systems, including financial, operational, compliance and information technology risks and controls;
4. Reviewing the adequacy, effectiveness and independence of the Group's Internal Audit function;
5. Reviewing the adequacy, effectiveness and independence of the external audit;
6. Making recommendations to the Board on the appointment, re-appointment, remuneration and terms of engagement of the internal and external auditors;
7. Reviewing regulatory compliance matters ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks for future breaches; and
8. Reviewing the whistleblowing policy and incidents reported.

Internal Audit function: The Group has engaged PwC as the internal auditors who report directly to the ARMC and administratively to the CFO. The ARMC approved the engagement, evaluation, and compensation of PwC as the internal auditors of the Company. PwC had submitted its internal audit plan for PE 2018 to the ARMC for approval after listed on 18 July 2018. The role of PwC is to provide independent assurance to the ARMC that the Group maintains adequate and effective Risk Management and internal control systems. PwC has unfettered access to all documents, records, properties and personnel, including access to the ARMC.

Provision 10.4 of the Code

CORPORATE Governance

Internal Audit resources and experience: The ARMC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group.

In assessing the engagement of PwC for the Internal Audit function, the ARMC ensured that the Internal Audit function is staffed with qualified and experienced personnel.

Internal Audit standards: The scope of the internal audit covers key aspects of the Group's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by PwC's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Review of Internal Audit function: The ARMC conducted a review and concluded that the Internal Audit function is adequately resourced, effective and independent for PE 2018.

Rule 1207(10C) of the SGX-ST

Auditors: The ARMC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of the Management.

Provision 10.5 of the Code

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST in relation to the appointment of external auditors. As required, the ARMC and the Board of the Company have undertaken a review of all non-audit services provided by the external auditors during the year as disclosed on page 124 of this Annual Report. The ARMC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision of non-audit services to the Group as these services are mainly due to Reporting Accountants' services provided in connection with the Company's IPO. The ARMC is satisfied that the nature and extent of such services has not compromised the independence and objectivity of the external audit and has recommended to the Board the re-appointment of KPMG LLP as auditors of the Company at the forthcoming AGM.

The audit partner has been in charge of the audit since the financial year ended 31 December 2010, which she has completed more than 5 audits since her appointment. Following the Group's successful listing on 18 July 2018, she may complete the audit for the current financial year ended 31 December 2018 and thereafter, a new audit partner will be appointed.

Rule 713(2) of the SGX-ST

Annually, the external auditors update the ARMC and the Board on the new and revised financial reporting standards and regulations that are applicable to the Company or the Group.

Whistleblowing: The ARMC has reviewed the Whistleblowing Policy that the Group has established. The Policy provides mechanisms which ensure a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the ARMC Chairman. Reports can be lodged via email to whistle-blowing@koufu.com.sg. In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to the Management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals or victimisation.

CORPORATE Governance

The ARMC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up actions to be taken.

Summary of Audit and Risk Management Committee activities: During PE 2018, the ARMC has reviewed the quarterly and annual financial statements of the Group, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by the Management, reviewed the volume and nature of Interested Person Transactions, nominated and recommended the re-appointment of the external auditors and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The ARMC has assisted the Board in reviewing the adequacy and effectiveness of the Risk Management and internal control systems, addressing financial, operational, compliance and information technology risks of the Group.

Changes to the accounting standards and issues that have direct impact on financial statements were reported to and discussed with the ARMC by the external auditors, in order for the ARMC members to keep abreast of changes to such accounting standards and issues.

In the review of the Group's financial statements, the ARMC had discussed with the Management on the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.

ARMC's Commentary on significant financial reporting matters

The significant financial reporting matters considered by the ARMC in relation to the Group's financial statements for FY2018 were valuation of property, plant and equipment and provision for onerous contracts which require making assumptions and significant judgement about future performance on revenue growth rate, gross profit margin and rental occupancy growth rate which are inherently uncertain.

The ARMC held discussions with the Management and reviewed the discount rate applied and the reasonableness of the key assumptions and significant judgement made by the Management in forecasting the future cash flows of those loss making outlets namely food courts, coffee shops, quick-service restaurants, central kitchens and hawker centre and the net cost of fulfilling the obligations of the remaining lease term of non-cancellable lease contracts or onerous contracts.

The external auditor presented the results of its own review of Management's underlying cash flow forecasts and appropriateness of discount rate applied in determining the value-in-use of the property, plant and equipment, and the net unavoidable costs of fulfilling the non-cancellable lease contracts.

An impairment loss of S$1,017,000 was recognised in the income statement for FY2018 based on the assessment by the Management. Based on the review by the ARMC and discussions with the Management and the external auditors, the ARMC identified no additional material impairment loss or provision for onerous contracts.

The above significant financial reporting matters were also areas of focus for the external auditors who have included these as key audit matters in their audit report set out in this Annual Report.

CORPORATE Governance

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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.

Shareholder rights: All Shareholders are treated fairly and equitably, and the Group strives to disclose information on all major developments that could materially impact the Group in a timely manner.

Provision 11.1 of the Code

Voting procedures: At general meetings, all shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Company's Constitution provides for a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote at the general meetings of the Company. Where the member is a Central Depository (Pte) Ltd (or its nominee as notified in writing to the Company), it can appoint more than two (2) proxies. Proxies need not be a shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all shareholders, notices published in the newspapers and announcements released via SGXNet. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.

Provision 11.4 of the Code

Resolutions: Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of a poll pursuant to Rule 730A(2) of the Listing Manual. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings.

Provision 11.2 of the Code

Attendance at general meetings: All Directors, in particular the Chairman of the Board, the respective Chairman of the ARMC, NC and RC, will be present and available to address shareholders' queries at the general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Provision 11.3 of the Code

Minutes of general meetings: Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretary. These minutes will be made available to shareholders upon their requests.

Provision 11.5 of the Code

Dividend Policy: The Group does not have a fixed dividend policy. The declaration and payment of dividends each year will take into consideration the Group's financial results, cash position, positive cash flow generated from operations, projected capital requirements for business growth, expansion plans and such other factors as the Board may deem appropriate. As disclosed in the Company's prospectus dated 11 July 2018, the Board intends to recommend dividends of at least 50% of the Company's net profit after tax generated in financial year ended 31 December 2018 ("FY2018") and for the financial year ending 31 December 2019 ("FY2019") (after deducting profit attributable to non-controlling interests and, in respect of FY2018, excluding the interim dividend of S$12.5 million declared and paid by Koufu Pte. Ltd. prior to the IPO). Considering the Group's financial performance for FY2018, an interim dividend of Singapore 1.0 cent tax-exempt (one-tier) per share has been paid on 12 December 2018, and the Board has recommended a proposed final dividend of Singapore 1.2 cent tax-exempt (one-tier) per share for the approval of shareholders at the forthcoming AGM to be held on 24 April 2019.

Provision 11.6 of the Code

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.

Communication: The Company believes in high standards of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet and the Company's website. Where there is inadvertent disclosure made to a selected Group, the Company would make the same disclosure publicly to all stakeholders as soon as practicable. Communication is made through:–

Provision 12.1 of the Code

- Annual Report prepared and issued to all shareholders. The Board ensures that the annual report includes all relevant information of the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

- Quarterly announcements containing a summary of the financial information and affairs of the Group for the corresponding period; and

- Press releases on major developments of the Group.

Notices of explanatory memorandum for AGMs and extraordinary general meetings ("EGM"). The notices of AGM and EGM are also advertised in a national newspaper. All shareholders of the Company will receive the Annual Report with an accompanying notice of AGM by post. The notice of AGM is also published in the newspaper within the mandatory period, the AGM of which is to be held within four months after the end of the financial year.

The shareholders can access financial information, corporation announcements, press releases, annual reports and profile of the Group on the Company's website at http://www.koufu.com.sg.

CORPORATE Governance

Conduct of Shareholder meeting: At general meetings, shareholders are given opportunities to voice their views and direct their questions to the Directors or the Management regarding the Company. The Chairman of the Board, members of the ARMC, NC and RC are present and available to address questions at general meetings. The External Auditors are also present to assist the Board.

Investor Relations Policy: The Group has in place an Investor Relations Policy which sets out principles and practices that it applies when providing shareholders and prospective investors with pertinent information necessary to make well-informed investment decisions. By providing shareholders with reliable and timely information, the Company is able to strengthen the relationship with its shareholders based on trust and accessibility. The Company's investor relations (IR) team is led by the Chief Financial Officer who is responsible for integrating finance, accounting, corporate communications and legal compliance to enable effective communication between the Company and the investors. *Provision 12.2 of the Code*

Investor engagement: The Company conducts briefings to present its financial results to the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions. For detailed IR events, please refer to page 21 of this Annual Report. *Provision 12.3 of the Code*

Dealings in Securities: The Company has adopted an internal compliance code of conduct with regard to dealings in securities of the Company, in compliance with the principles of Rule 1207(19) of the Listing Manual. The implications of insider trading are set out in the internal code. The internal code prohibits its directors and officers from dealing in the Company's securities while in possession of price-sensitive information and during the window periods for announcement of financial results.

In general, the Group's policy encourages Directors and employees of the Group to hold the Company's securities and not deal in Company's securities on short term considerations. The policy is to ensure that the Company's Directors, officers, employees of the Group as well as consultants or contractors to the Group (collectively the "Covered Persons") and immediate family members of the Covered Persons are aware of their legal obligations towards the dealing of securities of the Company. Covered Persons who are in possession of unpublished material price sensitive information and use such information for their own material gain are committing an offence of insider trading. The Company, while having provided the window periods for dealing in the Company's securities has its own internal compliance code in providing guidance to its officers with regard to dealing in the Company's securities including reminders that the law on insider trading is applicable at all times.

CORPORATE Governance

INTERESTED PERSON TRANSACTIONS

The Group has established controls and reporting procedures for handling Interested Person Transactions ("IPTs"). These ensure that such transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Group and its minority shareholders.

The Group maintains a register to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by our Chief Financial Officer ("CFO") and subject to such verifications or declarations as required by our ARMC for such period as determined by them. This list of interested persons is disseminated to any staff of our Group that our Group's finance team considers relevant for the purposes of entering into transactions that fall under the IPT General Mandate.

Further, the Group maintains a register to record all IPTs (including the Mandated Transactions) carried out with interested persons (including the Mandated Interested Persons) (including the bases on which the IPTs are entered into, amount and nature) by our Group's finance team, which shall be reviewed by the CFO on a monthly basis.

The ARMC shall review all Mandated Transactions (except where Mandated Transactions are required under the review procedures to be approved by our ARMC prior to the entry thereof) at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our ARMC. The ARMC shall, when it deems fit, request for sources, advisers or valuers, or require the appointment of internal auditors to provide additional review of the internal control procedures and review procedures and their implementation pertaining to IPTs (including the Mandated Transactions) under review.

The ARMC will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and its interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the ARMC, the ARMC is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, it will in consultation with our Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders, and the Group will revert to Shareholders for a fresh general mandated based on new internal control procedures and review procedures so that the Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Group and its minority Shareholders. In the interim, the ARMC will review every Mandated Transaction pending the grant of the fresh mandate, which will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended).

The Board also ensures that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9 thereof), recommendations set out in the Code and relevant accounting standards, are complied with.

All other existing and future IPTs not subject to the IPT General Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Group and its minority Shareholders. In the event that such IPTs require the approval of the Board and ARMC, the relevant information will be submitted to the Board and ARMC for review. In the event that such IPTs require the approval of Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

ARMC will also review all IPTs to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

The Interested Person Transactions undertaken by the Group in PE 2018 are set out on pages 146 to 147 of this Annual Report.

USE OF PROCEEDS

The use of IPO proceeds is disclosed on page 147 of this Annual Report.

D. 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 considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, stall tenants, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company maintains its Company's website to communicate and engage with the stakeholders. In addition, the Group will be issuing its first sustainability report for FY2019 in 2020 to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy.

Provisions 13.1, 13.2 and 13.3 of the Code

CORPORATE Governance

Customers – The Group takes great emphasis in food safety and hygiene at all outlets, so as to provide its customers with quick and convenient, safe and value for money food options at all times. Independent and third party checks are conducted on food safety and hygiene to meet food safety and hygiene standards. The Group takes pride in innovating products and food offerings to meet customers and market changing demands to maintain and grow its customers' loyalty. Customers are provided with avenues through the Company's website and social media avenues through the various Facebook pages to receive feedback and the Group's customers' service team manages the customer relations and feedback effectively by responding to such feedbacks on a timely basis. In addition, the Group provides in-house customer service training to all its staff to ensure satisfactory service standards are provided to customers. Fostering brand loyalty through improving customers' satisfaction and experience are key to ensuring relationships with customers are well managed.

Stall Operators – Stall Operators are important partners to the Group's business and is therefore important to engage them by understanding their concerns and growth visions. The Group engages the stall operators on a regular basis to understand their vision and growth plans as the Group believes in maintaining a mutually supportive and synergistic relationship with the stall operators. This contributes to the sustainability of our food courts and coffee shops. The Group also works closely with stall operators in various areas such as managing food quality, service improvement and monitoring and improving their sales and margins through conducting daily reviews with the stall operators.

Employees – Employees are human capital who can generate value to the business, therefore the Group places great emphasis on employees' training programme. All employees undergo a series of in-house training modules and Workforce Skills Qualifications Training modules to equip them with basic knowledge in food hygiene and workplace safety before commencement of work. The Group provides new employees with an induction and orientation program to help them blend into the Company's culture and allowing them to understand and adapt faster in their course of work. Training programmes on management skills, service standards and productivity related training programmes are provided during their course of employment to equip them with knowledge and capability to enable them with career advancement opportunities and higher value creation to the business. Performance evaluations for employees are conducted bi-annually whereby both supervisors and the employees are able to engage positively in their work performance and feedback.

Suppliers – The Group maintains positive relationship Management through communication and mutual understanding so that expectations of both the suppliers and the Group are properly communicated and mutually understood by all parties. Prior to selection of new suppliers, the Group's Procurement Department will engage the suppliers in calls, meetings or interviews to ensure communication on expectations are mutually agreed. Periodic reviews with approved vendors are conducted through calls and meetings to review on performance and feedback. Respective requisition departments as well as the procurement department monitor closely on the performance of suppliers and the finance department of the Group ensures that the contract terms on payment are adhered to.

Landlords – Positive relationships with landlords are maintained through periodic meetups by the Company's business development and operations team to review on performance and feedback as landlords are important to the Group's sustainable growth. All feedbacks are dealt with appropriately and timeliness is of essence.

CORPORATE Governance

Investors – The Group engages investors through quarterly announcements, ongoing investor meetings, investor roadshows, tele-conferences and results briefing sessions and general meetings. During the meetings or tele-conferences, the Group puts in their best efforts to answer to all investors on their queries and ensures that all information disclosed are public information made known to all investors through SGXNet. Business growth strategies are made known to all investors to assist them in making their investment decisions and the Group endeavours to deliver business performance plans and achieve sustainable returns for all investors.

Media – Media engagement are an important aspect for the Group's branding and corporate image. The Group uses both digital and mainstream media to communicate to the public and community on product launches, new retail concepts or corporate social responsibility events and initiatives. Timely and detailed press releases including press conferences are issued to engage media where appropriate.

Government institutions – The Group's Chief Operating Officer reports to the Board on a quarterly basis on all compliance matters including health and safety standards set by the government institutions. Internal checks and audits are conducted by the compliance team across outlets and the Group's central kitchens to uphold healthy and safety standards. Mandatory trainings on health and safety standards are conducted by our in-house training team to all new employees and reinforcements are made on a monthly basis to all the Group's outlet managers and supervisors to raise awareness of requirements and to ensure compliance.

Communities – The Group's employees are encouraged to participate in various corporate social responsibility events such as National Day Parade, charity art exhibitions, charity sale and visitations to homes of the under privileged organised by the Group annually. The annual charity art drive "Share – A Bowl of Rice" targets to raise funds for different charity organisation every year. This charity exhibition showcases over 100 art pieces created by both the employees and different organisations with an aim to engage the public through art, joy and hope symbolically represented by a bowl of rice.

CORPORATE Governance

Key information regarding the Directors are set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Relationships with directors, the Company or shareholders who holds 10% and above	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Pang Lim	15 November 2017	To be re-elected at the forthcoming AGM	Mr. Pang is a substantial shareholder and the spouse of Mdm. Ng Hoon Tien, the Executive Director and substantial shareholder of the Company	Nil	Nil
Ng Hoon Tien	15 November 2017	N.A.	Mdm. Ng is a substantial shareholder and the spouse of Mr. Pang Lim, the Executive Chairman and Chief Executive Officer as well as the substantial shareholder of the Company	Nil	Nil
Yu Lai Boon	28 June 2018	To be re-elected at the forthcoming AGM	Nil	**Other Principal Commitment:** None Listed Companies 1. TSH Corporation Ltd	Nil
Tan Huay Lim	28 June 2018	To be re-elected at the forthcoming AGM	Nil	**Other Principal Commitment:** None Listed Companies 1. China Jinjiang Environment Holding Company Limited 2. Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of Dasin Retail Trust (a Business Trust listed on the Singapore Stock Exchange)	Listed Companies 1. Auric Pacific Group Limited 2. Hong Leong Asia Ltd.

CORPORATE Governance

Name of Director	Date of First Appointment	Date of Last Re-election	Relationships with directors, the Company or shareholders who holds 10% and above	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Hoon Tai Meng	28 June 2018	To be re-elected at the forthcoming AGM	Nil	**Other Principal Commitment:** Senior Consultant of RHTLaw Taylor Wessing LLP Listed Companies 1. Sin Ghee Huat Corporation Ltd 2. Pavillon Holdings Ltd 3. Hock Lian Seng Holdings Limited	Listed Companies 1. Chip Eng Seng Corporation Ltd

To provide the information as set out in Appendix 7.4.1 relating to the candidate who is proposed to be appointed for the first time or re-elected to the board at a general meeting, in the notice of meeting, annual report or relevant circular distributed to shareholders prior to the general meeting pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

The Directors named below are retiring and being eligible, offer themselves for re-election at the upcoming AGM:–

Name of Director	Pang Lim	Yu Lai Boon	Tan Huay Lim	Hoon Tai Meng
Date of Appointment	15 November 2017	28 June 2018	28 June 2018	28 June 2018
Date of last re-election	N.A.	N.A.	N.A.	N.A.
Age	63	55	62	67
Country of principal residence	Singapore	Singapore	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, who has reviewed and considered Mr. Pang's performance as an Executive Chairman and Chief Executive Officer of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Dr. Yu's performance as the Lead Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr. Tan's performance as an Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr. Hoon's performance as an Independent Director of the Company

CORPORATE Governance

Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for the overall management and operations of the Group, setting and executing the strategic directions and expansion plans for the growth and development of the Group, including sourcing for investment opportunities to promote the growth of the Group's business.	Non-Executive	Non-Executive	Non-Executive
Job Title	Executive Chairman and Chief Executive Officer and Member of the Nominating Committee	Lead Independent Non-Executive Director, Chairman of Nominating Committee and Member of Audit and Risk Management Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Audit and Risk Management Committee and Member of Remuneration Committee	Independent Non-Executive Director, Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nominating Committee
Professional Qualifications	Nil	Bachelor of Science in Estate Management with Honours and a Master of Science in Estate Management from the National University of Singapore and a Doctor of Philosophy from the University of Aberdeen in Scotland, United Kingdom	Bachelor of Commerce in Accountancy from Nanyang University of Singapore Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants in United Kingdom and the Certified Practising Accountants in Australia.	Bachelor of Commerce in Accountancy from Nanyang University of Singapore and Bachelor of Laws (Hons) from the University of London Fellow Member of the Institute of Singapore Chartered Accountants, Fellow Member of the Chartered Institute of Management Accountants from United Kingdom, Fellow Member of the Association of Chartered Certified Accountants from United Kingdom and Barrister-at-Law from the English Bar at Middle Temple Inn.

CORPORATE Governance

Working experience and occupation(s) during the past 10 years	Founder and Managing Director of Koufu Pte. Ltd. – October 2002 to current	Group Chief Investment Officer of Dubai World Holdings – July 2006 to April 2010 Member, Advisory Panel to Singapore Land Authority (SLA) – July 2014 to July 2016 Associate Professor (Adjunct), Faculty of Architecture & Built Environment, National University of Singapore – March 2014 to December 2015	Partner of KPMG LLP – 1991 to 2015	Partner of Withers KhattarWong LLP – June 2007 to 2011 Executive Director of Chip Eng Seng Corporation Ltd – July 2011 to June 2018 Senior Consultant of RHTLaw Taylor Wessing LLP – July 2018 to current
Shareholding interest in the listed issuer and its subsidiaries	Mr. Pang is deemed to have an interest in 428,048,800 shares of the Company held by Jun Yuan Holdings Pte. Ltd. and 150,000 shares of the Company held by his son, who is below the age of 21 years.	Dr. Yu holds 100,000 shares of the Company	Mr. Tan is deemed to be interested in the 100,000 shares of the Company held by a nominee Company	Mr. Hoon holds 100,000 shares of the Company
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	Mr. Pang is a substantial shareholder and the spouse of Mdm. Ng Hoon Tien, the Executive Director and substantial shareholder of the Company	None	None	None
Conflict of interest (including any competing business)	None	None	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes	Yes	Yes

CORPORATE Governance

Other Principal Commitments Including Directorships	**Present Directorship:** Koufu Pte. Ltd. 1983 F&B Pte. Ltd. Abundance Holdings Pte. Ltd. Koufu Gourmet Pte. Ltd. Delijoy Pte. Ltd. Elemen F&B Pte. Ltd. Hawker Management Pte. Ltd. Koufu F&B Investment Pte. Ltd. Super Tea (S) Pte. Ltd. Hock Kee F&B Pte. Ltd. Woodlands 548 Food court Pte. Ltd. Koufu Macau Limited R&B (Macau) Ltd. Jun Yuan Holdings Pte Ltd Abundance Realty Pte. Ltd. Abundance Development Pte. Ltd. Abundance Property (Hainan) Pte. Ltd. Abundance Australia Investment Pty Ltd S M C Food 21 Pte. Ltd. Fong Yu Investments Pte. Ltd. United Alliance Commerce Sdn Bhd Ruby Premium Sdn Bhd The Kongzi Culture Fund Ltd. Yuying Secondary School Limited **Past Directorship (for the past 5 years):** Happy Hawkers Limited Zheng Wei F&B Pte. Ltd. Koufu WTS Pte. Ltd.	**Other Principal Commitment:** None **Present Directorship:** TSH Corporation Ltd Storck Bicycle (Asia Pacific) Pte. Ltd. **Past Directorship (for the past 5 years):** Nil	**Other Principal Commitment:** None **Present Directorship:** China Jinjiang Environment Holding Company Limited Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of Dasin Retail Trust (a Business Trust listed on the Singapore Stock Exchange) Ren Ci Hospital **Past Directorship (for the past 5 years):** KPMG LLP Singapore Chinese Chamber of Commerce and Industry Sun Yat Sen Nanyang Memorial Hall Company Limited The Hokkien Foundation Yunnan Realty Pte. Ltd. Singapore Hokkien Huay Kuan Cultural Academy Pte. Ltd. Auric Pacific Group Limited Hong Leong Asia Ltd.	**Other Principal Commitment:** Senior Consultant of RHTLaw Taylor Wessing LLP **Present Directorship:** Sin Ghee Huat Corporation Ltd Pavillon Holdings Ltd Hock Lian Seng Holdings Limited Cocoaorient Pte Ltd Ee Hoe Hean Club **Past Directorship (for the past 5 years):** CES Land Pte. Ltd. PH Properties Pte. Ltd. CES-West Coast Pte. Ltd. Grange Properties Pte. Ltd. CEL Unique Development Pte. Ltd. CEL Unique Pte. Ltd. CES Capital Holdings Pte. Ltd. CES Management (Vietnam) Pte. Ltd. Chip Eng Seng Construction Pte. Ltd. ACP Metal Finishing Pte. Ltd. CES-Vietnam Holdings Pte. Ltd. CES-VH Holdings Pte. Ltd. CES-NB Pte. Ltd. CES Engineering & Construction Pte. Ltd. CEL Real Estate Development Pte. Ltd. CEL-Fort Pte. Ltd. Ardille Pte. Ltd. Fernvale Development Pte. Ltd. CEL Property (M) Pte. Ltd. CEL Property Investment Pte. Ltd. CEL-Changi Pte. Ltd. CEL-Yishun (Commercial) Pte. Ltd. CEL-Yishun (Residential) Pte. Ltd. CEL Property Pte. Ltd. CES Building and Construction Pte. Ltd. CEL-Alexandra Pte. Ltd. Chip Eng Seng Corporation Ltd LGB-NB Pte. Ltd. Punggol Field EC Pte. Ltd. Pasir Ris EC Pte. Ltd. CEL Property Investment (Australia) Pte. Ltd.

The general statutory disclosures of the Directors are as follows:–

Name of Director		Pang Lim	Yu Lai Boon	Tan Huay Lim	Hoon Tai Meng
Questions:					
(a)	Whether at any time during the last 10 years, an application or a 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 was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(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, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c)	Whether there is any unsatisfied judgment against him?	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

CORPORATE Governance

(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
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings 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 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 or dishonesty on his part?	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
(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
(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

CORPORATE Governance

(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	The Company and its subsidiaries ("Group") are subject to various laws and regulations governing its day-to-day operations. The Group has, among others, been issued warnings or been subject to financial penalties arising from breaches of these laws and regulations governing its day-to-day operations.	No	No	No
	(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	Mr. Tan was interviewed by the Commercial Affairs Department ("CAD") in his capacity as a member of the Management Committee of Ren Ci Hospital & Medical Centre ("RCHMC") in connection with CAD's investigations in the affairs of RCHMC. For avoidance of doubt, Mr. Tan was not the subject of the foregoing investigations and following the interview, Mr. Tan has not been required by the CAD to provide any further assistance in the matter for which he was interviewed.	No
	(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	No	No	No	No
	(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	No	No	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?				

CORPORATE Governance

(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?	In the early 1970s, Mr. Pang had operated as an itinerant hawker (a hawker without a permanent location). To the best of his knowledge and memory, (i) he had been summoned on several occasions by the regulatory authorities for not having been licensed; and (ii) he had made payment of all the fines arising from such breaches and no further action was taken against him in respect of the foregoing matters. Additionally, in the early 1970s, to the best of his knowledge and memory, Mr. Pang had also been fined by the Inland Revenue Authority of Singapore for the non-declaration of income tax in connection with a business he had set up with his business partners. Similarly, he had made payment of the relevant fine imposed and no further action was taken against him. Mr. Pang was also indicted by the Singapore Armed Forces while serving his national service. To the best of his knowledge and memory, the indictment was made for insubordinate behaviour and as a consequence of this indictment, he served in detention for a period of approximately two weeks. No further action was taken against him for this matter and he completed his national service in 1976.	No	No	No

CORPORATE Governance

	Any prior experience as a director of an issuer listed on the Exchange?	No	No	Yes	Yes
	If yes, please provide details of prior experience.	N.A.	N.A.	China Jinjiang Environment Holding Company Limited Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of Dasin Retail Trust (a Business Trust listed on the Singapore Stock Exchange)	Sin Ghee Huat Corporation Ltd Pavillon Holdings Ltd Hock Lian Seng Holdings Limited
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.	Has attended SID training	Has attended SID training	N.A.	N.A.
	Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.	N.A.

DIRECTORS' Statement

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 67 to 145 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Mr. Pang Lim	(Appointed on 15 November 2017)
Mdm. Ng Hoon Tien	(Appointed on 15 November 2017)
Dr. Yu Lai Boon	(Appointed on 28 June 2018)
Mr. Tan Huay Lim	(Appointed on 28 June 2018)
Mr. Hoon Tai Meng	(Appointed on 28 June 2018)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at date of incorporation/date of appointment	Holdings at end of the year
Mr. Pang Lim		
Koufu Group Limited		
– ordinary shares		
– deemed interests	48,300,000[1]	435,048,800
Immediate and ultimate holding company		
Jun Yuan Holdings Pte Ltd		
– ordinary shares		
– interest held	10,000	10,000

DIRECTORS' Statement

Name of director and corporation in which interests are held	Holdings at date of incorporation/date of appointment	Holdings at end of the year
Mdm. Ng Hoon Tien		
Koufu Group Limited		
– ordinary shares		
– deemed interests	48,300,000[1]	435,048,800
Immediate and ultimate holding company		
Jun Yuan Holdings Pte Ltd		
– ordinary shares		
– interest held	10,000	10,000
Dr. Yu Lai Boon		
Koufu Group Limited		
– ordinary shares		
– interest held	–	100,000
Mr. Tan Huay Lim		
Koufu Group Limited		
– ordinary shares		
– deemed interests	–	100,000
Mr. Hoon Tai Meng		
Koufu Group Limited		
– ordinary shares		
– interest held	–	100,000

(1) These amounts have been adjusted to take into account the share split on 27 June 2018

By virtue of Section 7 of the Act, Mr. Pang Lim and Mdm. Ng Hoon Tien are deemed to have interests in all the subsidiaries of the Company upon completion of the restructuring exercise on 1 April 2018 and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the date of incorporation, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed under the 'Share plans' section of this statement, 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

SHARE PLANS

The Koufu Performance Share Plan (the "Scheme") of the Company was approved and adopted by its member at an Extraordinary General Meeting held on 27 June 2018. The Scheme is administered by the Company's Remuneration Committee, comprising three directors, Mr. Hoon Tai Meng, Dr. Yu Lai Boon, Mr. Tan Huay Lim.

Under the Scheme, the Company grants awards which represents the right of a participant (the "Participant") to receive fully paid shares free of charge, provided that certain prescribed performance targets (if any) are met and upon the expiry of the prescribed performance period.

An Award shall be personal to the Participant and, prior to the allotment and/or transfer to the participant of the Shares to which the released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Remuneration Committee.

The number of shares to be granted to a Participant in accordance with the Scheme shall be determined at the absolute discretion of the Remuneration Committee, which shall take into account criteria as it considers fit, including (but not limited to) his/her rank, job performance during the performance period, potential for future development and his/her future contribution to the success and development of our Group and the extent of effort and difficulty with which the performance condition(s) may be achieved within the performance period, which is to be determined by the Remuneration Committee.

No awards have been granted to directors of the Company.

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

AUDIT AND RISK MANAGEMENT COMMITTEE

The members of the Audit and Risk Management Committee during the year and at the date of this statement are:

- Mr. Tan Huay Lim (Chairman), independent non-executive director
- Dr. Yu Lai Boon, independent non-executive director
- Mr. Hoon Tai Meng, independent non-executive director

The Audit and Risk Management Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit and Risk Management Committee has held five meetings since the listing of the Company. In performing its functions, the Audit and Risk Management Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

DIRECTORS' Statement

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit and Risk Management Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Management Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Management Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

AUDITORS

Pursuant to a Directors' resolution in writing dated 6 February 2018, KPMG LLP were appointed as auditors of the Company until the conclusion of the first Annual General Meeting of the Company.

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Pang Lim
Director

Ng Hoon Tien
Director

28 March 2019

INDEPENDENT Auditors' Report

MEMBERS OF THE COMPANY
KOUFU GROUP LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Koufu Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 145.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the 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 'Auditors' 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 *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.

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 period. 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.

VALUATION OF PROPERTY, PLANT AND EQUIPMENT/PROVISION FOR ONEROUS CONTRACTS

(Refer to note 4 to the financial statements)

Risk

Management regularly reviews the performance of the food courts, coffee shops, quick-service restaurants, hawker centres and central kitchen (the "outlets") to determine if there were any impairment indicators on the related property, plant and equipment. For this purpose, each outlet is a separate cash generating unit ("CGU"). Impairment indicators were identified for those outlets that had recurring losses. For these outlets, management performed an impairment assessment and recognised impairment loss of $1,017,000 during the year.

INDEPENDENT Auditors' Report

MEMBERS OF THE COMPANY
KOUFU GROUP LIMITED

Additionally, management also assesses the provision for onerous contracts as the lease contracts with the landlords for these outlets are non-cancellable and the unavoidable costs of fulfilling the obligations of these contracts exceed the estimated income over the remaining term of the lease.

The impairment loss was calculated based on the value in use of the outlet by discounting its estimated future cash flows from operations. The provision for onerous contracts was measured at the present value of the expected net cost of continuing with the contracts.

The determination of the value in use and the amount for onerous contracts involve judgement in estimating the future cash flows and using the appropriate discount rate.

Our response

We assessed the appropriateness of management's identification of the CGUs. For the outlets with impairment indicators, we evaluated the key assumptions used in the cash flow forecasts. This included comparing forecast growth rate and gross profit margin used in the cash flow forecasts to historical results and making inquiries with management on its future plan for the outlets. We independently calculated the discount rate based on market inputs, and incorporating country specific risk premium.

We also considered the adequacy of disclosures in the financial statements in respect of key assumptions, estimates and discount rate used in the outlet's cash flow forecast.

Our findings

We found management's estimates and disclosures of the key assumptions and discount rate used in the value in use calculations to be balanced.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon, Notice of Annual General Meeting and Proxy Form.

We have obtained all other information prior to the date of this auditors' report.

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 Auditors' Report

MEMBERS OF THE COMPANY
KOUFU GROUP LIMITED

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, SFRS(I)s and IFRSs, 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.

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

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

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT Auditors' Report

MEMBERS OF THE COMPANY
KOUFU GROUP LIMITED

- 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 controls 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 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 auditors' report unless the law or regulations preclude 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.

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 auditors' report is Teo Han Jo.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 March 2019

STATEMENTS OF Financial Position

AS AT 31 DECEMBER 2018

	Note	Group 31 Dec 2018 $'000	Group 31 Dec 2017 $'000	Group 1 Jan 2017 $'000	Company 31 Dec 2018 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**21,383**	18,886	16,841	**–**
Lease prepayment	5	**3,658**	–	–	**–**
Intangible assets	6	**143**	180	261	**1**
Investment properties	7	**13,765**	9,990	11,419	**–**
Subsidiaries	8	**–**	–	–	**1,000**
Associates and partnership	9	**262**	401	288	**–**
Other investments	10	**1,600**	1,600	8,288	**–**
Trade and other receivables	11	**11,329**	11,129	8,238	**–**
Deferred tax assets	18	**–**	–	112	**–**
Total non-current assets		**52,140**	42,186	45,447	**1,001**
Current assets					
Lease prepayment	5	**130**	–	–	**–**
Other investments	10	**–**	–	13,380	**–**
Inventories	12	**1,288**	1,295	1,459	**–**
Trade and other receivables	11	**10,158**	10,687	21,354	**41,374**
Time deposits		**35,000**	–	–	**–**
Cash and cash equivalents	13	**60,979**	53,043	49,043	**12,040**
Assets held for sale	30	**–**	–	56,163	**–**
Total current assets		**107,555**	65,025	141,399	**53,414**
Total assets		**159,695**	107,211	186,846	**54,415**
LIABILITIES					
Current liabilities					
Trade and other payables	16	**46,021**	45,206	39,864	**1,115**
Loans and borrowings	17	**411**	184	9,080	**–**
Current tax liabilities		**6,009**	6,779	5,628	**180**
Provision for reinstatement cost	19	**1,329**	1,296	1,397	**–**
Liabilities held for sale	30	**–**	–	10,305	**–**
Total current liabilities		**53,770**	53,465	66,274	**1,295**
Non-current liabilities					
Trade and other payables	16	**6,763**	6,492	7,383	**–**
Loans and borrowings	17	**4,364**	1,573	7,673	**–**
Deferred tax liabilities	18	**14**	14	–	**–**
Provision for reinstatement cost	19	**3,256**	2,551	2,630	**–**
Total non-current liabilities		**14,397**	10,630	17,686	**–**
Total liabilities		**68,167**	64,095	83,960	**1,295**
EQUITY					
Share capital	14	**44,961**	1,000	1,000	**44,961**
Foreign currency translation reserve	15	**(287)**	(395)	(129)	**–**
Retained earnings		**46,737**	42,361	102,015	**8,159**
Equity attributable to owners of the Company		**91,411**	42,966	102,886	**53,120**
Non-controlling interest		**117**	150	–	**–**
Total equity		**91,528**	43,116	102,886	**53,120**
Total equity and liabilities		**159,695**	107,211	186,846	**54,415**

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

CONSOLIDATED STATEMENT OF Profit or Loss

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Revenue	20	**223,840**	216,679
Other income	21	**5,331**	4,051
Cost of inventories consumed		**(35,063)**	(35,414)
Staff costs		**(36,894)**	(37,192)
Depreciation of investment properties and property, plant and equipment		**(11,851)**	(8,970)
Property rentals and related expenses		**(105,073)**	(95,855)
Distribution and selling expenses		**(2,020)**	(1,836)
Administrative expenses		**(6,278)**	(5,109)
Other operating expenses		**(2,946)**	(5,652)
Results from operating activities		**29,046**	30,702
Finance income	22	**424**	1,470
Finance costs	22	**(280)**	(351)
Net finance income		**144**	1,119
Share of profit of associates and partnership, net of tax	9	**241**	293
Profit before tax		**29,431**	32,114
Tax expense	23	**(4,955)**	(5,295)
Profit for the year	24	**24,476**	26,819
Profit attributable to:			
Owners of the Company		**24,509**	26,869
Non-controlling interest		**(33)**	(50)
Profit for the year		**24,476**	26,819
Earnings per share			
Basic and diluted earnings per share (cents)	25	**4.75**	5.56

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

CONSOLIDATED STATEMENT OF Comprehensive Income

YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Profit for the year	**24,476**	26,819
Other comprehensive income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**108**	(266)
Total other comprehensive income for the year	**108**	(266)
Total comprehensive income for the year	**24,584**	26,553
Total comprehensive income attributable to:		
Owners of the Company	**24,617**	26,603
Non-controlling interest	**(33)**	(50)
Total comprehensive income for the year	**24,584**	26,553

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

CONSOLIDATED STATEMENT OF Changes in Equity

YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the Company					
		Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2017		1,000	(129)	102,015	102,886	–	102,886
Total comprehensive income for the year							
Profit for the year		–	–	26,869	26,869	(50)	26,819
Other comprehensive income							
Foreign currency translation differences		–	(266)	–	(266)	–	(266)
Total other comprehensive income for the year		–	(266)	–	(266)	–	(266)
Total comprehensive income for the year		–	(266)	26,869	26,603	(50)	26,553
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends paid	14	–	–	(84,827)	(84,827)	–	(84,827)
Distribution of profits to the then-existing owners of sole-proprietorships and partnership		–	–	(1,696)	(1,696)	–	(1,696)
Total contributions by and distributions to owners		–	–	(86,523)	(86,523)	–	(86,523)
Change in ownership interests in subsidiaries							
Incorporation of subsidiary		–	–	–	–	200	200
Total change in ownership interests in subsidiaries		–	–	–	–	200	200
Total transactions with owners		–	–	(86,523)	(86,523)	200	(86,323)
At 31 December 2017		1,000	(395)	42,361	42,966	150	43,116

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

CONSOLIDATED STATEMENT OF Changes in Equity

YEAR ENDED 31 DECEMBER 2018

	Note	Attributable to owners of the Company					
		Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2018		1,000	(395)	42,361	42,966	150	43,116
Total comprehensive income for the year							
Profit for the year		–	–	24,509	24,509	(33)	24,476
Other comprehensive income							
Foreign currency translation differences		–	108	–	108	–	108
Total other comprehensive income for the year		–	108	–	108	–	108
Total comprehensive income for the year		–	108	24,509	24,617	(33)	24,584
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issuance of new shares pursuant to initial public offering		45,462	–	–	45,462	–	45,462
Initial public offering transaction costs deducted from equity(1)		(1,501)	–	–	(1,501)	–	(1,501)
Dividends paid	14	–	–	(18,052)	(18,052)	–	(18,052)
Distribution of profits to the then-existing owners of sole-proprietorships and partnership		–	–	(2,081)	(2,081)	–	(2,081)
Total contributions by and distributions to owners		43,961	–	(20,133)	23,828	–	23,828
Total transactions with owners		43,961	–	(20,133)	23,828	–	23,828
At 31 December 2018		44,961	(287)	46,737	91,411	117	91,528

(1) Included in the initial public offering transaction costs deducted from equity are non-audit fees of $35,000 paid to the Company's auditors for services rendered as Independent Auditors and Reporting Accountants in connection with the initial public offering of the Company's shares.

CONSOLIDATED STATEMENT OF Cash Flows

YEAR ENDED 31 DECEMBER 2018

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit for the year	**24,476**	26,819
Adjustments for:		
Amortisation of intangible assets	**77**	108
Amortisation of lease prepayment	**108**	–
Bad trade receivables written off	**12**	–
Depreciation of investment properties	**610**	545
Depreciation of property, plant and equipment	**11,241**	8,425
Gain on disposal of property, plant and equipment	**(296)**	(444)
Impairment loss on assets and liabilities held for sale	**–**	1,227
Impairment loss on intangible assets	**1**	–
Impairment loss on investment properties	**–**	884
Impairment loss on property, plant and equipment	**1,017**	1,301
Impairment loss on trade receivables, net	**325**	402
Finance cost	**280**	351
Finance income	**(424)**	(1,426)
Reversal of impairment loss on investment properties	**(485)**	–
Share of profit of associates and partnership	**(241)**	(293)
Write off of intangible assets	**–**	77
Write off of property, plant and equipment	**263**	94
Tax expense	**4,955**	5,295
	41,919	43,365
Changes in working capital:		
Inventories	**7**	164
Trade and other receivables	**(130)**	7,200
Trade and other payables	**(2,918)**	4,231
Cash generated from operations	**38,878**	54,960
Tax paid	**(5,637)**	(4,002)
Net cash generated from operating activities	**33,241**	50,958
Cash flows from investing activities		
Net investments in associates	**85**	(108)
Interest received	**387**	1,427
Payment for lease prepayment	**(3,466)**	(430)
Proceeds from disposal of:		
– assets and liabilities held for sale	**–**	55,556
– financial assets classified as available-for-sale	**–**	20,068
– property, plant and equipment	**755**	490
Purchase of:		
– intangible assets	**(41)**	(104)
– investment property	**(3,900)**	–
– property, plant and equipment	**(15,053)**	(11,672)
Time deposits placed with bank	**(35,000)**	–
Net cash (used in)/from investing activities	**(56,233)**	65,227

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

CONSOLIDATED STATEMENT OF Cash Flows

YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Cash flows from financing activities			
Capital injection from non-controlling interest		–	200
Distribution of profits to the then-existing owners of sole-proprietorships and partnership		(2,081)	(1,696)
Dividends paid to equity holders of the Company		(18,052)	(84,827)
Payment of initial public offering transaction costs		(3,046)	–
Proceeds from issuance of new shares pursuant to initial public offering		45,462	–
Proceeds from loan from fellow subsidiary of immediate and ultimate holding company		6,578	–
Proceeds from loans and borrowings		3,380	650
Repayments of loan from fellow subsidiary of immediate and ultimate holding company		(763)	–
Repayments of loans and borrowings		(362)	(25,554)
Interest paid		(246)	(351)
Net cash from/(used in) financing activities		30,870	(111,578)
Net increase in cash and cash equivalents		7,878	4,607
Cash and cash equivalents at 1 January		53,043	49,043
Effect of exchange rate fluctuations on cash held		58	(607)
Cash and cash equivalents at 31 December	13	60,979	53,043

SIGNIFICANT NON-CASH TRANSACTIONS

During the years ended 31 December 2018 and 2017, the Group acquired property, plant and equipment with an aggregate cost of $14,469,000 (2017: $12,068,000) of which $1,060,000 (2017: $1,644,000) was outstanding at the end of the year. During the year, the Group also paid an amount of $1,644,000 (2017: $1,248,000) for property, plant and equipment acquired in the previous year.

NOTES TO THE Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2019.

1 DOMICILE AND ACTIVITIES

Koufu Group Limited (the "Company") is a company incorporated in the Republic of Singapore on 15 November 2017. The address of the Company's registered office is 18 Woodlands Terrace, Singapore 738443.

The financial statements of the Group as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

On 19 June 2018, the Company was converted into a public company limited by shares and changed its name from Koufu Group Pte Ltd to Koufu Group Limited. The Company was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 18 July 2018.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are disclosed in note 8 to the financial statements.

The immediate and ultimate holding company is Jun Yuan Holdings Pte Ltd ("Jun Yuan"), a company incorporated in the Republic of Singapore.

1.1 The restructuring exercise

The Company was incorporated on 15 November 2017 with its issued and paid up share capital of $100,000 comprising of 100,000 ordinary shares held by Jun Yuan.

On 1 April 2018, the Company issued an aggregate of 900,000 new ordinary shares to Jun Yuan at an issue price of $1 per share for a part consideration of $900,000 for the acquisition of Koufu Pte Ltd from Jun Yuan.

Acquisition of subsidiary, sole proprietorships and partnership

On 1 March 2018, pursuant to a business transfer agreement, Koufu Pte Ltd acquired the business, assets and liabilities of two coffee shops under sole-proprietorships which were held in trust by third parties on behalf of the shareholder of Jun Yuan for a consideration of $1,348,852. The consideration was based on net asset value of the sole-proprietorships at 28 February 2018.

On 1 April 2018, the Company entered into a restructuring agreement with Jun Yuan to acquire all the issued and paid up ordinary shares of Koufu Pte Ltd from Jun Yuan for a consideration of $1,000,000 which was determined based on the issued and paid up share capital of Koufu Pte Ltd. Upon completion of the acquisition, Koufu Pte Ltd became the wholly-owned subsidiary of the Company. Pursuant to a business transfer agreement, the Group acquired a 49% ownership interest in a partnership which was held in trust by a third party on behalf of the shareholder of Jun Yuan for a consideration of $302,766 based on net asset value of the partnership at 31 March 2018.

1 DOMICILE AND ACTIVITIES (CONTINUED)

1.1 The restructuring exercise (Continued)

Acquisition of subsidiary, sole proprietorships and partnership (Continued)

The above acquisitions are collectively determined as the restructuring exercise.

The restructuring exercise was accounted for as a combination of businesses under common control, as Jun Yuan controlled the Group entities before and after the restructuring exercise. The presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, notwithstanding that the legal parent-subsidiary relationship was not established until the completion of restructuring exercise on 1 April 2018 (see note 3.1(iii)).

2 BASIS OF PREPARATION

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s")

The financial statements have been prepared in accordance with the SFRS(I) and International Financial Reporting Standards ("IFRSs"). SFRS(I) are issued by the Accounting Standards Council, which comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board.

All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise specified.

These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS").

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January as at the date of transition. SFRS(I) generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and optional exemptions in SFRS(I) did not have any significant impact on the financial statements.

NOTES TO THE Financial Statements

2 BASIS OF PREPARATION (CONTINUED)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (Continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- Not providing disclosure required by SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9.

- The Group applied SFRS(I) 1-21 *The Effects of Changes in Foreign Exchanges Rates* restrospectively to determine the cumulative foreign exchange differences for each foreign operation that is recognised as a separate component of equity at the date of transition.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;

- SFRS(I) 9 *Financial Instruments* which includes amendments arising from IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;

- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and measurement of share-based payment transactions* issued by the IASB in June 2016;

- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of investment property* issued by the IASB in December 2016;

- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;

- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and

- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

NOTES TO THE Financial Statements

2 BASIS OF PREPARATION (CONTINUED)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (Continued)

New accounting standards effective on 1 January 2018 (Continued)

The application of the above standards and interpretations do not have material effect on the financial statements, except for classification under SFRS(I) 9.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 *Financial Instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 January 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income ("FVOCI") – debt instrument, FVOCI – equity instrument; or fair value through profit or loss ("FVTPL"). The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see note (3.6(ii)).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Company's financial assets as at 1 January 2018.

NOTES TO THE Financial Statements

2 BASIS OF PREPARATION (CONTINUED)

2.1 First-time adoption of Singapore Financial Reporting Standards International ("SFRS(I)s") (Continued)

SFRS(I) 9 Financial Instruments *(Continued)*

(i) Classification of financial assets and financial liabilities (Continued)

	Original classification under FRS 39	New classification under SFRS(I) 9	1 January 2018 Original carrying amount under FRS 39 $'000	New carrying amount under SFRS(I) 9 $'000
Group				
Other investments	Held-to-maturity	FVTPL	**1,600**	**1,600**
Trade and other receivables	Loans and receivables	Amortised cost	**21,816**	**21,816**
Cash and cash equivalents	Loans and receivables	Amortised cost	**53,043**	**53,043**
			76,459	**76,459**

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost, contract assets, debt investments at FVOCI and intra-group financial guarantee contracts, but not to equity investments.

Additional information about how the Group and the Company measure the allowance for impairment is described in note 28.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There is no significant judgement made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is in note 4 – estimation of useful lives and impairment losses of property, plant and equipment.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit and Risk Management Committee.

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values (Continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 7 – investment properties
- Note 28 – financial risk management

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statement of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

Acquisitions from 1 January 2017

For acquisitions from 1 January 2017, the Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) Business combinations (Continued)

Acquisitions before 1 January 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Associates and partnership (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A partnership is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(v) Associates and partnership (equity-accounted investees) (Continued)

Investments in associates and partnership are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associate in the separate financial statements

Investments in subsidiaries and associate are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint control that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

(ii) Subsequent costs

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. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Leasehold properties	20 – 30 years
Renovation	3 years
Furniture and fittings, office equipment and computers	3 years
Plant and machinery	3 years
Kitchen equipment	3 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Investment properties

(i) Recognition and measurement

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (Continued)

(i) Recognition and measurement (Continued)

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the investment property to a working condition for their intended use;
- when the Group has an obligation to remove the investment property or restore the site, an estimate of the costs of dismantling and removing the site on which they are located; and
- capitalised borrowing costs.

The gain or loss on disposal of an investment property is recognised in profit or loss.

(ii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of investment properties. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation is recognised from the date that the investment properties are installed and are ready for use, or in respect of internally constructed assets, from the date that the investment property is completed and ready for use.

The estimated useful life of the investment properties is 17 – 30 years.

Depreciation methods and useful lives are reviewed at the end of each reporting period and adjusted if appropriate.

(iii) Transfers

Transfers to, or from, investment property shall be made where there is a change in use, evidenced by:

(a) commencement of owner-occupation, for a transfer from investment properties to property, plant and equipment; and

(b) end of owner-occupation, for a transfer from property, plant and equipment to investment properties.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible asset

(i) Computer software and trademark

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

Computer software licences and trademark are stated at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

Trademark	10 years
Computer software	3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(i) Recognition and initial measurement (Continued)

Non-derivative financial assets and financial liabilities (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost as described above is measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment – Policy applicable from 1 January 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Financial assets: Business model assessment – Policy applicable from 1 January 2018 (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 January 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial assets – Policy applicable before 1 January 2018

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018

Held-to-maturity financial assets

If the Group had the positive intent and ability to hold debt investments to maturity, then such financial assets were classified as held-to-maturity. Held-to-maturity financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets were measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprised of other investments.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018 (Continued)

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables (excluding prepayments).

Available-for-sale financial assets

Available-for-sale financial assets were non-derivative financial assets that were designated as available-for-sale or were not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they were measured at fair value and changes therein, other than impairment losses, were recognised in OCI and accumulated in the fair value reserve in equity. When these amounts were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Available-for-sale financial assets comprised unquoted debt securities.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised loans and borrowings, and trade and other payables (excluding accrued lease rentals).

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(vii) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

3.7 Leases

When entities within the Group are lessees of an operating lease

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

When entities within the Group are lessors of an operating lease

Where the Group leases out assets under operating leases, the leased assets are included in statements of financial position according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies.

3.8 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The group recognises loss allowances for ECL on:

- financial assets measured at amortised costs; and
- debt investments measured at FVOCI.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Policy applicable from 1 January 2018 (Continued)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the customer is unlikely to pay its contracted obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Policy applicable from 1 January 2018 (Continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost is deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) *Non-derivative financial assets* (Continued)

Policy applicable before 1 January 2018

A financial asset not carried at FVTPL, including an interest in an associate, was assessed at the end of each reporting period to determine whether there was objective evidence that it was impaired. A financial asset was impaired if objective evidence indicated that a loss event(s) had occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers, or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity financial assets

The Group considered evidence of impairment for loans and receivables, and held-to-maturity financial assets at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU (group of CGUs) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Investment properties, intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of associates ceases once classified as held for sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

3.11 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.12 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(i) Reinstatement costs

A provision for reinstatement costs for leased property is recognised when an underlying make good obligation clause exists in property lease contracts. The provision is the best estimate of the present value of the expenditure required to settle the make good obligation at the reporting date, based on current legal requirements and technology. Future make good costs are reviewed annually and any changes are reflected in the present value of the make good provision at the reporting date.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Provisions (Continued)

(ii) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.13 Revenue

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. It is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

The following is a description of principal activities from which the Group generates its revenue.

(i) Income from food court operations and commercial establishment

Fixed rental income from the sub-lease of food stall is recognised as income on a straight-line basis over the lease term. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted recognised as an integral part of the total rental income, over the term of the lease.

(ii) Sales of food and beverages

The Group sells food and beverages directly to consumers through the stalls operated by the Group such as dim sum and drinks stalls. Revenue from the sale of food and beverages is recognised at a point in time which coincides with when the Group transfers the food and beverages to the customers. Payment of the transaction price is due immediately when the customers purchase the goods.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Government grants

Cash grants received from the government are recognised as income upon receipt.

Government grants from authorities for the purchase of depreciable property, plant and equipment are presented in the statements of financial position by deducting the grant in arriving at the carrying amount of the asset, when there is reasonable assurance that the Group will comply with the conditions associated with the grants.

3.15 Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents, other investments, and overdue trade receivables, discount implicit in rental deposits from tenants and rental deposits placed with landlords. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprise interest expenses on bank loans and accretion of discount implicit in rental deposits from tenants from rental deposits placed with landlords. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign current gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Tax (Continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associate to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

NOTES TO THE Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Tax (Continued)

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 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 any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets.

3.19 New standards and interpretation not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 31.

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $'000	Renovation $'000	Furniture and fittings, office equipment and computers $'000	Plant and machinery $'000	Kitchen equipment $'000	Motor vehicles $'000	Total $'000
Group							
Cost							
At 1 January 2017	4,130	40,635	34,903	927	3,769	3,381	87,745
Additions	–	3,765	6,196	1,108	775	224	12,068
Write-off	–	(2,576)	(3,742)	–	(401)	–	(6,719)
Disposal	–	(272)	(47)	–	(5)	(187)	(511)
Reinstatement cost	–	(62)	–	–	–	–	(62)
Effect of movements in exchange rates	–	(922)	(236)	–	(19)	–	(1,177)
At 31 December 2017	4,130	40,568	37,074	2,035	4,119	3,418	91,344
At 1 January 2018	**4,130**	**40,568**	**37,074**	**2,035**	**4,119**	**3,418**	**91,344**
Additions	**–**	**8,426**	**5,196**	**101**	**490**	**256**	**14,469**
Write-off	**–**	**(1,970)**	**(1,618)**	**–**	**(116)**	**(108)**	**(3,812)**
Disposal	**–**	**(1,266)**	**(1,231)**	**–**	**(374)**	**(40)**	**(2,911)**
Reinstatement cost	**–**	**998**	**–**	**–**	**–**	**–**	**998**
Effect of movements in exchange rates	**–**	**197**	**51**	**–**	**4**	**–**	**252**
At 31 December 2018	**4,130**	**46,953**	**39,472**	**2,136**	**4,123**	**3,526**	**100,340**
Accumulated depreciation and impairment loss							
At 1 January 2017	1,730	34,868	28,719	927	2,820	1,840	70,904
Depreciation for the year	165	3,071	4,079	67	564	479	8,425
Impairment loss	–	583	608	21	89	–	1,301
Write-off	–	(2,567)	(3,663)	–	(395)	–	(6,625)
Disposal	–	(255)	(40)	–	3	(173)	(465)
Effect of movements in exchange rates	–	(850)	(230)	–	(2)	–	(1,082)
At 31 December 2017	1,895	34,850	29,473	1,015	3,079	2,146	72,458
At 1 January 2018	**1,895**	**34,850**	**29,473**	**1,015**	**3,079**	**2,146**	**72,458**
Depreciation for the year	**165**	**4,881**	**4,767**	**374**	**573**	**481**	**11,241**
Impairment loss	**–**	**274**	**538**	**64**	**130**	**11**	**1,017**
Write-off	**–**	**(1,833)**	**(1,513)**	**–**	**(96)**	**(107)**	**(3,549)**
Disposal	**–**	**(1,072)**	**(1,011)**	**–**	**(329)**	**(40)**	**(2,452)**
Effect of movements in exchange rates	**–**	**190**	**50**	**–**	**2**	**–**	**242**
At 31 December 2018	**2,060**	**37,290**	**32,304**	**1,453**	**3,359**	**2,491**	**78,957**
Carrying amounts							
At 1 January 2017	2,400	5,767	6,184	–	949	1,541	16,841
At 31 December 2017	2,235	5,718	7,601	1,020	1,040	1,272	18,886
At 31 December 2018	**2,070**	**9,663**	**7,168**	**683**	**764**	**1,035**	**21,383**

NOTES TO THE Financial Statements

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses on property, plant and equipment

The Group reviews the carrying amount of the assets as at the reporting date to determine whether there is any indication of impairment. Management has determined that each individual food court, coffee shop, quick-service restaurant, hawker centre and central kitchen managed by the Group is a separate cash-generating unit ("CGU"). Management carried out an impairment assessment of the property, plant and equipment of the CGU with recurring losses. The recoverable amount of the CGUs was based on their value-in-use over the lower of 5 years or lease period and was discounted using the weighted average cost of capital.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

	2018 %	2017 %
Group		
Discount rate	**9.60**	11.74
Food & Beverage ("F&B") revenue growth rate	**1.5**	3.0
F&B sales gross profit margin	**47.0 – 76.0**	55.5 – 72.0
Rental occupancy growth rate	**10.0 – 40.0**	–

The discount rate is based on the Group's weighted-average cost of capital. The F&B revenue growth rate and sales growth margin were determined by management after taking into account historical margins and Singapore's food inflation rate. The rental occupancy growth rate was determined by management by forecasting projected occupancy growth in outlets where full occupancy has not been reached.

The preparation of the future cash flows projections involves significant judgement and estimations which the Group believes are appropriate and reasonable. Significant changes in the assumptions and estimates may materially affect the assessment on recoverable values and may lead to future impairment losses. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

In 2018, the Group assessed the recoverable amount of the CGUs which are loss making and determined that seven (2017: three) CGU's are not expected to have any recoverable amount. Accordingly, an impairment loss of $1,017,000 (2017: $1,301,000) was recognised in other operating expenses.

4 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly based on factors that include asset utilisation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information in order to determine the amount of depreciation expense to be recorded during any reporting period. Changes in the expected level of use of the assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Group's results.

5 LEASE PREPAYMENT

	Group $'000
Cost	
At 1 January 2017 and 31 December 2017	–
Additions	3,896
At 31 December 2018	**3,896**
Accumulated amortisation	
At 1 January 2017 and 31 December 2017	–
Amortisation during the year	108
At 31 December 2018	**108**
Carrying amounts	
At 1 January 2017 and 31 December 2017	–
At 31 December 2018	**3,788**
Non-current	3,658
Current	130
	3,788

The lease prepayment relates to land premium paid in advance for the 30 years lease period for the integrated facility. The lease term of 30 years commenced on 1 March 2018.

6 INTANGIBLE ASSETS

	Trademark $'000	Computer software $'000	Total $'000
Group			
Cost			
At 1 January 2017	92	536	628
Additions	–	104	104
Write-off	(92)	(1)	(93)
At 31 December 2017	–	639	639
Additions	–	41	41
At 31 December 2018	**–**	**680**	**680**
Accumulated amortisation			
At 1 January 2017	9	358	367
Amortisation during the year	6	102	108
Write-off	(15)	(1)	(16)
At 31 December 2017	–	459	459
Amortisation during the year	–	77	77
Impairment loss	–	1	1
At 31 December 2018	**–**	**537**	**537**
Carrying amounts			
At 1 January 2017	83	178	261
At 31 December 2017	–	180	180
At 31 December 2018	**–**	**143**	**143**
Company			
Cost			
At 15 November 2017 (date of incorporation)	–	–	–
Additions	–	1	1
At 31 December 2018	**–**	**1**	**1**
Accumulated amortisation			
At 15 November 2017 (date of incorporation)	–	–	–
Amortisation during the year	–	–*	–*
At 31 December 2018	**–**	**–***	**–***
Carrying amounts			
At 15 November 2017 (date of incorporation)	–	–	–
At 31 December 2018	**–**	**1**	**1**

* Less than $1,000

NOTES TO THE Financial Statements

7 INVESTMENT PROPERTIES

	Group $'000
Cost	
At 1 January 2017 and 31 December 2017	12,055
Additions	3,900
At 31 December 2018	**15,955**
Accumulated depreciation	
At 1 January 2017	636
Depreciation for the year	545
Impairment loss	884
At 31 December 2017	2,065
Depreciation for the year	610
Reversal of impairment loss	(485)
At 31 December 2018	**2,190**
Carrying amounts	
At 1 January 2017	11,419
At 31 December 2017	9,990
At 31 December 2018	**13,765**

	Group	
	2018 $'000	2017 $'000
Statement of comprehensive income		
Rental and related income	**677**	668
Operating expenses arising from rental of investment properties	**240**	230

Details of properties held by the Group as at 31 December 2018 were as follows:

Description	Location	Tenure/Unexpired term
An eating house with outdoor refreshment area on the 1st storey of a 4-storey HDB commercial block	18 Jalan Membina #01-01 Singapore 164018	30-year lease commencing 1 May 2002
Industrial canteen located on the 1st storey of a 9-storey multiple-user ramp-up light and general industrial development	1 Tampines North Drive 1 #01-34 T-Space Singapore 528559	30-year lease commencing 20 March 2015

NOTES TO THE Financial Statements

7 INVESTMENT PROPERTIES (CONTINUED)

The eating house at 18 Jalan Membina and the industrial canteen at 1 Tampines North are held for rental mainly to external customers under operating leases. Each of the lease contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are renegotiated with the lessees.

Security

Certain investment properties of the Group are mortgaged to banks to secure credit facilities as disclosed in note 17.

Measurement of recoverable amount

The Group undertook their annual review of the carrying amounts of investment properties for indicators of impairment. Where indicators of impairment were identified, the recoverable amounts were estimated based on external valuations.

Measurement of fair value

Management has determined the fair value of investment properties of the Group to be $13,700,000 (2017: $13,000,000) as at 31 December 2018.

The fair value of investment properties are determined by independent licensed appraisers who have appropriate recognised professional qualification and recent experiences in the location and category of the investment properties being valued.

The fair value is based on open market valuation using comparable sales method. It is an estimated amount for which a property could be exchanged on the date or valuation between a willing buyer and a willing seller in an arm's length transaction. The value is based on actual sales transactions for properties that are similar to the investment properties of the Group. The fair value measurement has been categorised as a Level 3 fair value based on the inputs in the valuation technique used.

Based on the independent professional valuations undertaken in 2018, a reversal of impairment loss of $485,000 (2017: an impairment loss of $884,000) was recognised.

Reversal of impairment loss and impairment loss were included in "other operating expenses".

8 SUBSIDIARIES

	Company 2018 $'000
Unquoted equity shares, at cost	1,000

On 1 April 2018, the Company paid $1,000,000 to Jun Yuan, in consideration for the transfer of 1,000,000 ordinary shares of Koufu Pte Ltd. Following the transfer, Koufu Pte Ltd became the wholly-owned subsidiary of the Company.

NOTES TO THE Financial Statements

8 SUBSIDIARIES (CONTINUED)

As at 31 December 2018, the subsidiaries and sole-proprietorships of the Group are as follows:

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Koufu Pte Ltd[1]	Management and operation of food courts and commercial establishments, sales of food and beverage, and investment holding	Singapore	**100**	100	100
Subsidiaries of Koufu Pte Ltd					
Abundance Development Pte Ltd[1]	Management and operation of commercial establishments	Singapore	–	–	100
Happy Hawkers Limited[4]	Social enterprise	Singapore	**–**	100	100
Koufu Gourmet Pte. Ltd.[1]	Processing of food products	Singapore	**100**	100	100
Elemen F&B Pte. Ltd. (formerly known as Koufu Marina Pte Ltd)[1]	Operations of restaurants and cafes	Singapore	**100**	100	100
Koufu Macau Limited[2]	Management and operation of food courts	Macau	**100**	100	100
Abundance Holdings Pte. Ltd.[1]	Management and operation of commercial establishments	Singapore	**100**	100	100
1983 F&B Pte. Ltd.[1]	Management and operation of retail outlets	Singapore	**100**	100	–
Hawker Management Pte. Ltd. [1]	Management and operation of hawker centre	Singapore	**100**	100	–
Jurong West HC (637) LLP[3]	Operation of retail outlets	Singapore	**70**	70	–
Koufu F&B Investment Pte. Ltd.[1]	Investment holding	Singapore	**100**	100	–
Super Tea (S) Pte. Ltd.[1]	Operation of retail outlets	Singapore	**60**	60	–
Koufu (HK) Limited[3,5]	Management and operation of food courts	Hong Kong	**100**	–	–

NOTES TO THE Financial Statements

8 SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Subsidiary of Koufu Gourmet Pte. Ltd.					
Delijoy Pte Ltd[1]	Processing of food products and management and operation of retail outlets	Singapore	**100**	100	100
Subsidiary of Super Tea (S) Pte. Ltd.					
R&B (Macau) Ltd[3]	Operation of retail outlets	Macau	**60**	–	–
Sole-proprietorships					
Eastlink Food Court[3,6,7]	Letting and operating of coffee shops (with mainly rental income)	Singapore	**–**	–	–
Hiap Ho Eating House[3,7]	Letting and operating of coffee shops (with mainly rental income)	Singapore	**–**	–	–
Win Lai Eating House[3,6,7]	Letting and operating of coffee shops (with mainly rental income)	Singapore	**–**	–	–

KPMG LLP Singapore is the auditor of the Singapore-incorporated subsidiaries.

1 Audited by KPMG LLP, Singapore.
2 Audited by other member firms of KPMG International.
3 Not required to be audited in accordance with the laws of country of incorporation.
4 This subsidiary was struck off on 7 May 2018.
5 This subsidiary was incorporated on 22 August 2018.
6 These sole-proprietorships operate one coffee shop each.
7 These coffee shops under sole-proprietorships are held in trust by third parties on behalf of the shareholder of Jun Yuan. As the shareholder has control over the two coffee shops and receives substantially all of the returns related to the operations, the two coffee shops have been accounted as a combination of business under common control by the Group. On 1 March 2018, the Group acquired the business, assets and liabilities of the sole-proprietorships (see note 1.1).

9 ASSOCIATES AND PARTNERSHIP

	Group 2018 $'000	2017 $'000	1 Jan 2017 $'000
Interests in associates and partnership	**262**	401	288

Name of associate and partnership	Principal activities	County of incorporation	Effective equity interest held by the Group 2018 %	2017 %	1 Jan 2017 %
Associate of Koufu Pte Ltd					
Woodlands 548 Foodcourt Pte Ltd[1]	Management and operation of food courts	Singapore	**49**	–	–
Associate of 1983 F&B Pte. Ltd.					
1983 Taste of Nanyang (Shanghai) Co., Ltd. (食久似誼(上海)餐飲管理有限公司) [2]	Management and operation of retail outlets	China	**–**	41	–
Associate of Koufu F&B Investment Pte. Ltd.					
Hock Kee F&B Pte Ltd[3]	Operation of retail outlets	Singapore	**30**	30	–
Partnership					
Viva Foodcourt[4,5]	Operation of retail outlets	Singapore	**–**	–	–

KPMG LLP is the auditor of all significant Singapore-incorporated associates.

1 Audited by KPMG LLP, Singapore.

2 This associate was disposed in 2018.

3 Not required to be audited in accordance with the laws of country of incorporation.

4 This partnership operate one coffee shop.

5 The shareholder of Jun Yuan has joint control in a partnership via 49% ownership interest. The ownership interest is held in trust by a third party on behalf of the shareholder of Jun Yuan. As the Group has significant influence over the partnership and 49% interest in its net assets and liabilities, the Group has accounted for the partnership using the equity method. On 1 April 2018, the Group acquired the business, assets and liabilities of the partnership (see note 1.1).

NOTES TO THE Financial Statements

9 ASSOCIATES AND PARTNERSHIP (CONTINUED)

The following summarises the financial information for the Group's investment in the associates and partnership, based on the amounts reported in the Group's consolidated financial statements:

	Group	
	2018 $'000	2017 $'000
Group's interests in net assets of associates and partnership at 1 January	**401**	288
Group's share of profit for the year	**241**	293
Addition during the year	**–***	108
Disposed during the year	**(85)**	–
Distribution of profits to the then-existing owners of partnership	**(295)**	(288)
Carrying amount of interest in associates and partnership at 31 December	**262**	401

* Less than $1,000

10 OTHER INVESTMENTS

		Group	
	2018 $'000	2017 $'000	1 Jan 2017 $'000
Non-current			
Financial asset – at FVTPL	**1,600**	–	–
Financial asset – held-to-maturity	**–**	1,600	1,600
Financial asset – available-for-sale			
- unquoted debt securities	**–**	–	6,688
	1,600	1,600	8,288
Current			
Financial asset – available-for-sale			
- unquoted debt securities	**–**	–	13,380
	1,600	1,600	21,668

Financial assets at FVTPL (2017 and 1 Jan 2017: Held-to-maturity financial assets) relate to the placement of structured deposit with the bank. It has a stated interest rate of 2.05% per annum and matures in 2022.

The unquoted debt securities relate to the convertible loan notes which were unsecured, bear interest at 6% per annum and matured in 2017 – 2018. In 2017, the Group disposed the convertible loan note to the immediate and ultimate holding company for a consideration of $22,617,000.

NOTES TO THE Financial Statements

11 TRADE AND OTHER RECEIVABLES

	Group			Company
	2018 $'000	2017 $'000	1 Jan 2017 $'000	2018 $'000
Non-current				
Prepayments	**78**	271	529	**–**
Rental deposits placed with landlords	**11,251**	10,858	7,709	**–**
	11,329	11,129	8,238	**–**
Current				
Trade receivables				
– third parties	**1,295**	1,126	666	**–**
– subsidiary	**–**	–	–	**375**
Less: Impairment loss allowance	**(1,028)**	(794)	(411)	**–**
Net trade receivables	**267**	332	255	**375**
Non-trade amounts due from related parties				
– immediate and ultimate holding company	**–**	3	–	**–**
– subsidiary	**–**	–	–	**5,976**
– fellow subsidiary of immediate and ultimate holding company	**2**	–	–	**–**
Loan to immediate and ultimate holding company	**–**	–	8,001	**–**
Loan to subsidiary	**–**	–	–	**35,000**
Other receivables	**354**	1,080	3,130	**–**
Prepayments	**2,983**	3,412	1,844	**23**
Refundable receipts from landlords	**582**	876	783	**–**
Rental and other deposits	**5,970**	4,984	7,341	**–**
	10,158	10,687	21,354	**41,374**
Total trade and other receivables	**21,487**	21,816	29,592	**41,374**

Non-trade amounts due from related parties

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

Loans to immediate and ultimate holding company and subsidiary

The loans to immediate and ultimate holding company and subsidiary are unsecured, bear an interest of 3% per annum and repayable on demand.

Prepayments

Prepayments mainly relate to advance rental payment and its related costs.

Credit and market risks and impairment losses

The Group and the Company's exposure to credit and impairment losses for trade and other receivables, are disclosed in note 28.

NOTES TO THE Financial Statements

12 INVENTORIES

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000
Food and beverages	**950**	961	1,069
Consumable materials	**338**	334	390
	1,288	1,295	1,459

In 2018, inventories of $35,063,000 (2017: $35,414,000; 1 Jan 2017: $35,888,000) were recognised as an expense during the year and included in "cost of sales".

13 CASH AND CASH EQUIVALENTS

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000	Company 2018 $'000
Cash at banks and in hand	**60,979**	50,302	47,534	**12,040**
Time deposits	**–**	2,741	1,509	
Cash and cash equivalents in the statement of cash flows	**60,979**	53,043	49,043	

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents for the Group is 1.66% (2017: 1.55%; 1 Jan 2017: 1.28%) per annum, as at 31 December 2018.

14 SHARE CAPITAL

	Group		Company	
	No. of shares '000	$'000	No. of shares '000	$'000
Fully paid ordinary shares, with no par value				
At 1 January 2017	1,000	1,000	–	–
At 15 November 2017 (date of incorporation)	–	–	100	100
At 31 December 2017	1,000	1,000		
Issuance of new share	–	–	900	900
Shares arising from share split	482,000	–	482,000	–
Issued in pursuant of initial public offering ("IPO")	72,163	45,462	72,163	45,462
IPO transaction costs deducted from equity	–	(1,501)	–	(1,501)
At 31 December 2018	**555,163**	**44,961**	**555,163**	**44,961**

14 SHARE CAPITAL (CONTINUED)

The Company was incorporated on 15 November 2017 with a share capital of $100,000 comprising 100,000 shares. Subsequent to 31 December 2017, the Company issued $900,000 ordinary shares pursuant to the restructuring exercise as disclosed in note 1.1. The share capital in the statement of financial position of the Group as at 31 December 2017 and 1 January 2017 comprises the share capital of Koufu Pte Ltd.

As approved by shareholders of the Company in an extraordinary general meeting held on 27 June 2018, every one share in the capital of the Company was sub-divided into 483 shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(a) Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interest. The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interest. The return on capital was 26.81% (2017: 62.54%) for year ended 31 December 2018. The Board also monitors the level of dividends paid to ordinary shareholders.

The Board regularly reviews the Company's capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments.

No significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure during the year.

The Company and its subsidiaries are not subject to any other externally imposed capital requirements.

NOTES TO THE Financial Statements

14 SHARE CAPITAL (CONTINUED)

(b) Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

For the year ended 31 December

	Group		Company
	2018	2017	2018
	$'000	$'000	$'000
Paid by the Company to owners of the Company			
1,250.0 cents per qualifying ordinary share (2017: 8,483.0 cents)	**12,500**	84,827	**–**
1.0 cents per qualifying ordinary share (2017: Nil cents)	**5,552**	–	**5,552**
Dividends paid to the then-existing owners of sole-proprietorships and partnership	**2,081**	1,696	**–**
	20,133	86,523	**5,552**

After the respective reporting dates, the following final exempt (one-tier) dividends were proposed by the directors. These final exempt (one-tier) dividends have not been provided for.

	Group		Company
	2018	2017	2018
	$'000	$'000	$'000
1.2 cents per qualifying ordinary share (2017: Nil cents)	**6,662**	–	**6,662**

15 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTES TO THE Financial Statements

16 TRADE AND OTHER PAYABLES

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000	Company 2018 $'000
Non-current				
Accrued lease rental	**1,079**	454	1,152	**–**
Refundable rental deposit from tenants	**5,684**	6,038	6,231	**–**
	6,763	6,492	7,383	**–**
Current				
Trade payables				
– third parties	**4,169**	4,185	3,717	**–**
Accrued lease rental	**1,473**	1,423	1,822	**–**
Accrued operating expenses	**15,920**	16,256	18,367	**880**
Amount payables for purchase of property, plant and equipment	**1,060**	1,644	1,248	**–**
Goods and services tax payables (net)	**1,205**	1,049	1,140	**66**
Refundable receipts from tenants	**9,736**	9,142	9,556	**–**
Refundable rental deposits from tenants	**2,907**	1,962	1,782	**–**
Rental income received in advance	**65**	10	17	**–**
Other payables	**3,646**	2,957	2,215	**14**
Loan from fellow subsidiary of immediate and ultimate holding company	**5,815**	–	–	**–**
Non-trade amounts due to related parties				
– subsidiary	**–**	–	–	**155**
– fellow subsidiary of immediate and ultimate holding company	**25**	6,578	–	**–**
	46,021	45,206	39,864	**1,115**
Total trade and other payables	**52,784**	51,698	47,247	**1,115**

The refundable rental deposits from tenants are interest-free and repayable upon the expiry of lease agreements.

The loan from fellow subsidiary of immediate and ultimate holding company is unsecured, with nominal interest rate per annum of 2.40% – 2.92% and repayable on demand.

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

The Group and the Company's exposure to currency risk and to liquidity risk related to trade and other payable are disclosed in note 28.

NOTES TO THE Financial Statements

17 LOANS AND BORROWINGS

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000
Non-current			
Secured bank loans	**4,364**	1,573	7,673
Current			
Secured bank loans	**411**	184	9,080
	4,775	1,757	16,753

Market and liquidity risks

Information about the Group's exposure to interest rate, and liquidity risk is included in note 28.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount $'000
Group				
At 31 December 2018				
Secured bank loans				
– floating rate loan	SGD	**2.20% – 2.50%**	**2026**	**4,775**
At 31 December 2017				
Secured bank loans				
– floating rate loan	SGD	2.00% – 2.20%	2026	1,757
At 1 January 2017				
Secured bank loans				
- fixed rate loan	SGD	2.00%	2017	8,000
- fixed rate loan	SGD	2.35%	2025	1,457
- floating rate loans	SGD	1.98% – 5.75%	2017-2026	7,296
				16,753

17 LOANS AND BORROWINGS (CONTINUED)

The secured bank loans are secured on the following assets:

	Group 2018 $'000	2017 $'000	1 Jan 2017 $'000
Carrying amounts of assets			
Leasehold properties	**2,072**	2,235	2,400
Investment properties	**6,564**	2,790	11,419
Investment properties held for sale	**–**	–	40,099
	8,636	5,025	53,918

As at 31 December 2018, the bank loans are also secured by corporate guarantees issued by the Company to its subsidiary and assignment of rental proceeds in respect of certain investment properties.

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

	Liabilities		
	Loans and borrowings $'000	Liabilities held for sale $'000	Total $'000
Group			
Balance at 1 January 2017	16,753	10,305	27,058
Changes from financing cash flows			
Proceeds from loans and borrowings	650	–	650
Repayments of loans and borrowings	(15,646)	(9,908)	(25,554)
Interest paid	(351)	–	(351)
Total changes from financing cash flows	(15,347)	(9,908)	(25,255)
Changes arising from losing control of subsidiary	–	(397)	(397)
Other changes			
Liability-related			
Interest expense	351	–	351
Total liability-related other changes	351	–	351
Balance at 31 December 2017	1,757	–	1,757

17 LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities		
	Loan from fellow subsidiary of immediate and ultimate holding company $'000	**Loans and borrowings $'000**	**Total $'000**
Group			
Balance at 1 January 2018	–	1,757	1,757
Changes from financing cash flows			
Proceeds from loan from fellow subsidiary of immediate and ultimate holding company	6,578	–	6,578
Proceeds from loans and borrowings	–	3,380	3,380
Repayments of loan from fellow subsidiary of immediate and ultimate holding company	(763)	–	(763)
Repayments of loans and borrowings	–	(362)	(362)
Interest paid	(172)	(74)	(246)
Total changes from financing cash flows	5,643	2,944	8,587
Other changes			
Liability-related			
Interest expense	172	74	246
Total liability-related other changes	172	74	246
Balance at 31 December 2018	5,815	4,775	10,590

Intra-group financial guarantees

The Company has provided intra-group financial guarantees of $12,181,000 to a bank for credit facilities granted to its wholly-owned subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

NOTES TO THE Financial Statements

18 DEFERRED TAX ASSETS/(LIABILITIES)

Movements in deferred tax assets/(liabilities) during the year are as follows:

	At 1 January 2017 $'000	Recognised in profit or loss (note 23) $'000	Exchange difference $'000	At 31 December 2017 $'000	Recognised in profit or loss (note 23) $'000	Exchange difference $'000	At 31 December 2018 $'000
Group							
Deferred tax assets/ (liabilities)							
Property, plant and equipment	112	(113)	(13)	(14)	–	–*	**(14)**

* Less than $1,000

19 PROVISION FOR REINSTATEMENT COST

	Group 2018 $'000	Group 2017 $'000	Group 1 Jan 2017 $'000
At 1 January	**3,847**	4,027	
Charge for the year	**1,013**	–	
Utilised during the year	**(136)**	(180)	
Reversed during the year	**(139)**	–	
At 31 December	**4,585**	3,847	
Non-current	**3,256**	2,551	2,630
Current	**1,329**	1,296	1,397
	4,585	3,847	4,027

The Group recognises provision for reinstatement costs when the Group enters into lease agreements for the premises. This provision is recognised for the expected costs for dismantling, removal and restoration of leased properties to their original state upon expiry of the leases. In determining the amount of the provision for restoration costs, estimates are made in relation to the best estimates of the expenditure with reference to quotations provided by third party contractor.

20 REVENUE

	Group 2018 $'000	Group 2017 $'000
Income from food court operations and commercial establishment	**112,317**	105,360
Sales of food and beverages	**111,523**	111,319
	223,840	216,679

20 REVENUE (CONTINUED)

Disaggregation of revenue from contracts with customers

	Income from food court operations and commercial establishment		Sales of food and beverages		Total	
	2018	2017	2018	2017	2018	2017
	$'000	$'000	$'000	$'000	$'000	$'000
Primary geographical markets						
Singapore	**100,523**	95,527	**104,003**	104,555	**204,526**	200,082
Macau	**11,794**	9,833	**7,520**	6,764	**19,314**	16,597
	112,317	105,360	**111,523**	111,319	**223,840**	216,679

Contract balances

The following table provides information about receivables and rental income received in advance from contracts with customers.

	Note	Group 2018 $'000	Group 2017 $'000
Trade receivables	11	**267**	332
Rental income received in advance	16	**65**	10

The rental income received in advance primarily relates to advance consideration from tenants prior to the transfer of control of a promise to the tenants.

Revenue recognised during the year that was included in rental income received in advance balance at the beginning of the year was $10,000 (2017: $17,000).

21 OTHER INCOME

	Group 2018 $'000	Group 2017 $'000
Government grants	**785**	1,014
Renovation income	**3,312**	1,708
Rental income from warehouse space	**68**	61
Reversal of impairment loss on trade receivables	**33**	56
Sponsorship	**935**	893
Others	**198**	319
	5,331	4,051

22 NET FINANCE INCOME

	Group 2018 $'000	Group 2017 $'000
Interest income under the effective interest method on:		
– financial asset – held-to-maturity	**–**	33
– financial asset – at FVTPL	**33**	–
– other investment	**–**	1,310
– overdue trade receivables	**2**	5
– cash and cash equivalents/time deposits	**345**	79
– loan to associate	**9**	–
Accretion of discount implicit in rental deposits from tenants and rental deposits placed with landlords (net)	**35**	(1)
Foreign exchange gain (net)	**–**	44
Finance income	**424**	1,470
Interest expenses on:		
– bank loans	**(74)**	(351)
– loan from fellow subsidiary of immediate and ultimate holding company	**(172)**	–
Foreign exchange loss (net)	**(34)**	–
Finance costs	**(280)**	(351)
Net finance income recognised in profit or loss	**144**	1,119

23 TAX EXPENSE

	Group 2018 $'000	Group 2017 $'000
Current tax expense		
Current year	**4,859**	5,634
Under/(Over) provision in respect of prior years	**96**	(452)
	4,955	5,182
Deferred tax expense		
Origination and reversal of temporary differences	**–**	113
Total tax expense	**4,955**	5,295
Reconciliation of effective tax rate		
Profit before tax	**29,431**	32,114
Tax using Singapore tax rate of 17% (2017: 17%)	**5,003**	5,459
Corporate tax rebate	**(46)**	(54)
Deferred tax assets not recognised	**88**	43
Effect of tax rates in foreign jurisdictions	**(416)**	(369)
Non-deductible expenses	**1,372**	1,502
Under/(Over) provision of current taxation in respect of prior years	**96**	(452)
Tax exempt income	**(1,142)**	(834)
	4,955	5,295

NOTES TO THE Financial Statements

23 TAX EXPENSE (CONTINUED)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018 $'000	2017 $'000
Deductible temporary differences	**758**	416
Tax losses	**286**	111
	1,044	527

The tax losses are subject to agreement by the tax authorities and compliance with the relevant tax regulations. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

24 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2018 $'000	2017 $'000
Employee benefits expense (see below)	**36,894**	37,192
Audit fees:		
– auditors of the Company	**190**	138
– other auditors	**37**	34
Non-audit fees:		
– auditors of the Company (see below)	**308**	58
– other auditors	**39**	64
Bad trade receivables written off	**12**	–
Gain on disposal of property, plant and equipment	**(296)**	(444)
Impairment loss on assets and liabilities held for sale	**–**	1,227
Impairment loss on investment properties	**–**	884
Impairment loss on property, plant and equipment	**1,017**	1,301
Impairment loss on trade receivables (net)	**325**	402
Operating lease expenses	**59,905**	52,664
Reversal of impairment loss on investment properties	**(485)**	–
Write off of property, plant and equipment	**263**	94

Employee benefits expense		
Salaries, bonuses and other costs	**34,388**	34,691
Contributions to defined contribution plans	**2,506**	2,501
	36,894	37,192
Non-audit fees paid to auditors of the Company:		
– IPO of the Company's shares	**249**	–
– deducted from equity	**(35)**	–
	214	–
– others	**94**	58
Charged to profit or loss	**308**	58

25 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2017 and 31 December 2018 was based on the profit attributable to ordinary shareholders number of ordinary shares after the share split.

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the financial year.

Profit attributable to ordinary shareholders

	Group	
	2018	**2017**
	$'000	**$'000**
Profit for the year	**24,509**	26,869

	Group	
	2018	**2017**
	'000	**'000**
Issued ordinary shares at 1 January (after share split)	**483,000**	483,000
Effect of new shares issued pursuant to IPO	**33,215**	–
Weighted-average number of ordinary shares during the year (after share split)	**516,215**	483,000
Basic and diluted earnings per share (cents)	**4.75**	5.56

26 OPERATING SEGMENTS

The Group has the following two strategic divisions, which are its reportable segments. These divisions offer different products and services, and are managed separately. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports of each division at least monthly. The following describes the operations in each of the Group's reportable segments:

- **Outlet and mall management business**

  Food court operations are involved in the leasing of food outlet premises to tenants as master leaseholder, the provision of cleaning and utilities services to tenants, and the provision of management services to third party food courts.

- **Food and Beverages ("F&B") retail business**

  F&B operations are primarily involved in retailing of cooked food directly to consumers through the stalls operated by the Group such as dim sum and drink stalls.

NOTES TO THE Financial Statements

26 OPERATING SEGMENTS (CONTINUED)

- **Others**

  Other segment includes provision of management, treasury and administrative services.

  Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Outlet and mall management business $'000	F&B retail business $'000	Others $'000	Total $'000
Group				
31 December 2018				
External revenues	112,317	111,523	–	223,840
Inter-segment revenue	199	–	2,469	2,668
Finance income	2	36	41	79
Finance costs	–	(6)	(274)	(280)
Depreciation and amortisation	(10,610)	(1,426)	–	(12,036)
Reportable segment profit before tax	15,683	22,565	(7,859)	30,389
Other material non-cash items:				
– Gain on disposal of property, plant and equipment	120	176	–	296
– Write off of property, plant and equipment	(64)	(199)	–	(263)
– Bad trade receivables written off	(12)	–	–	(12)
– Impairment loss on trade receivables, net	(325)	–	–	(325)
– Reversal of impairment loss on investment properties	485	–	–	485
– Impairment loss on property, plant and equipment	(1,017)	–	–	(1,017)
Reportable segment assets	58,611	3,599	1,244	63,454
Capital expenditure	20,415	1,889	2	22,306
Reportable segment liabilities	36,337	11,792	14,015	62,144

NOTES TO THE Financial Statements

26 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

	Outlet and mall management business $'000	F&B retail business $'000	Others $'000	Total $'000
Group				
31 December 2017				
External revenues	105,360	111,319	–	216,679
Inter-segment revenue	119	–	544	663
Finance income	5	–	1,386	1,391
Finance costs	–	–	(351)	(351)
Depreciation and amortisation	(7,397)	(1,681)	–	(9,078)
Reportable segment profit before tax	13,521	24,618	(6,397)	31,742
Other material non-cash items:				
– Gain on disposal of property, plant and equipment	433	11	–	444
– Write off of property, plant and equipment	(88)	(6)	–	(94)
– Impairment loss on trade receivables, net	(402)	–	–	(402)
– Impairment loss on investment properties	(884)	–	–	(884)
– Impairment loss on property, plant and equipment	(1,301)	–	–	(1,301)
– Impairment loss on assets held for sale	(1,227)	–	–	(1,227)
Reportable segment assets	46,340	5,827	1,600	53,767
Capital expenditure	11,397	775	–	12,172
Reportable segment liabilities	32,707	11,909	12,686	57,302

26 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items to FRS measures

	Group	
	2018	**2017**
	$'000	**$'000**
Revenues		
Total revenue for reportable segments	**226,508**	217,342
Elimination of inter-segment revenue	**(2,668)**	(663)
Consolidated revenue	**223,840**	216,679
Profit or loss before tax		
Total profit or loss before tax for reportable segments	**30,389**	31,742
Unallocated amounts:		
– Finance income	**345**	79
– IPO transaction cost	**(1,544)**	–
Share of profit of equity-accounted associate	**241**	293
Consolidated profit before tax	**29,431**	32,114
Assets		
Total assets for reportable segments	**63,454**	53,767
Investments in equity-accounted associate	**262**	401
Other unallocated amounts	**95,979**	53,043
Consolidated total assets	**159,695**	107,211
Liabilities		
Total liabilities for reportable segments	**62,144**	57,302
Other unallocated amounts	**6,023**	6,793
Consolidated total liabilities	**68,167**	64,095

Geographical information

The outlet and mall management business, F&B retail business and others segments are managed primarily in Singapore and Macau. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	Revenue 2018 $'000	**Non-current assets* 2018 $'000**	**Revenue 2017 $'000**	**Non-current assets* 2017 $'000**
Singapore	**204,526**	**38,368**	200,082	28,812
Macau	**19,314**	**843**	16,597	645
	223,840	**39,211**	216,679	29,457

* Non-current assets include property, plant and equipment, lease prepayment, intangible assets, investment properties and investment in associate.

NOTES TO THE Financial Statements

26 OPERATING SEGMENTS (CONTINUED)

Information about major customers

There is no single major customer that contribute more than 10% of the Group's revenue. The revenue is spread over a broad base of customer.

27 RELATED PARTIES

Key management personnel compensation

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The amounts stated below for key management compensation are for all the executive directors and other key management personnel. The amounts do not include compensation, if any, of certain key management personnel and directors of the Group who received compensation from related corporations outside the Group in their capacity as directors and/or executives of those related corporations.

Compensation payable to key management personnel, included in staff costs, comprise:

	Group	
	2018	**2017**
	$'000	**$'000**
Short-term employee benefits	**2,767**	2,358
Contributions to defined contribution plans	**86**	49
	2,853	2,407

Other related party transactions

Other than disclosed elsewhere in the consolidated financial statements, significant transactions with related parties are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Immediate and ultimate holding company		
Reimbursement of IPO transaction costs	**149**	–
Fellow subsidiary of immediate and ultimate holding company		
Property rentals and related expenses	**(3,210)**	(879)
Repayment of loan interest	**(172)**	–
Associate		
Loan interest income from associate	**9**	–
Management fee income from associate	**30**	24
Sale of food and beverages	**106**	118

28 FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee ("ARMC"), which is responsible for developing and monitoring the Group's risk management policies. The ARMC also oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The Group has a credit policy in place which establishes credit terms for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The credit quality of customers is assessed after taking into account its financial position and past experience with the customers.

It is the Group's policy that all tenants are required to place deposits before the Group leases the stalls to the tenants, which minimises the risk of default.

There was no significant concentration of credit risk except for rental and other deposits which accounts for 80% (2017: 73%) of trade and other receivables, as at 31 December 2018.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

NOTES TO THE Financial Statements

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group 2018 $'000	Group 2017 $'000
Impairment loss on trade receivables, net	**325**	402

Trade receivables

Exposure to credit risk

A summary of the Group's exposure to credit risk for trade receivables is as follows:

	2018 Not credit-impaired $'000	2018 Credit-impaired $'000	2017 $'000	1 Jan 2017 $'000
Operating stalls	**420**	**–**	542	255
Closed stalls	**–**	**875**	584	411
Total gross carrying amount	**420**	**875**	1,126	666
Loss allowance	**(153)**	**(875)**	(794)	(411)
	267	**–**	332	255

Comparative information under FRS 39

The ageing of trade receivables that were past due but not impaired is as follows:

	Group 2017 $'000	Group 1 Jan 2017 $'000
Not past due	66	27
Past due 1 – 30 days	137	160
Past due 31 – 60 days	92	46
Past due more than 60 days	37	22
	332	255

The Group's impaired trade receivables at 31 December 2017 had a gross carrying amount of $794,000 (1 Jan 2017: $411,000). At 31 December 2017, the individual impairment losses of the Group related to several customers who had indicated that they were not able to repay their outstanding balances, mainly due to economic circumstances.

NOTES TO THE Financial Statements

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables (Continued)

Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Group uses an allowance matrix to measure the ECLs of trade receivables from customers, which comprise a very large number of small balances.

The allowance matrix is based on actual credit loss experience over the past three years. The ECL computed is purely derived from historical data which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

The following table provides information about the exposure to credit risk and ECLs for current trade receivable for customers as at 31 December 2018:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group			
Not past due	52	(10)	Yes
Past due 1 – 30 days	223	(53)	Yes
Past due 31 – 60 days	86	(57)	Yes
Past due more than 60 days	934	(908)	Yes
	1,295	(1,028)	

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group $'000
At 1 January 2017 per FRS 39	411
Impairment loss recognised	458
Impairment loss reversed	(56)
Impairment loss utilised	(19)
At 31 December 2017 per FRS 39	794

NOTES TO THE Financial Statements

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Trade receivables (Continued)

Movements in allowance for impairment in respect of trade receivables (Continued)

	Lifetime ECL Group $'000
At 1 January 2018 per FRS 39 and SFRS(I) 9	794
Impairment loss recognised	358
Impairment loss reversed	(33)
Impairment loss utilised	(91)
At 31 December 2018 per SFRS(I) 9	1,028

The Company held non-trade amounts due from subsidiary of $5,976,000 and loan to subsidiary of $35,000,000. The non-trade balances are dividend income and loan interest income receivables from subsidiary.

The Company assess the ECLs for these receivables to those used for other receivables on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Cash and cash equivalents and time deposits

The Group and Company held cash and cash equivalents and time deposits of $95,979,000 (2017: $53,043,000; 1 Jan 2017: $49,043,000) and $12,040,000 as at 31 December 2018 respectively. The cash and cash equivalents and time deposits are held with bank and financial counterparties, which are rated A2 to Aa1, based on Moody's rating.

Impairment on cash and cash equivalents and time deposits has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents and time deposits have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for other receivables.

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

In addition, the Group maintains revolving credit facilities with various banks that can be drawn down to meet short-term financing needs.

The following are the expected contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
At 31 December 2018					
Trade and other payables*	**50,232**	**(52,739)**	**(41,253)**	**(9,656)**	**(1,830)**
Loans and borrowings	**4,775**	**(6,098)**	**(698)**	**(3,182)**	**(2,218)**
	55,007	**(58,837)**	**(41,951)**	**(12,838)**	**(4,048)**
At 31 December 2017					
Trade and other payables*	49,821	(49,974)	(43,782)	(6,192)	–
Loans and borrowings	1,757	(2,193)	(230)	(1,005)	(958)
	51,578	(52,167)	(44,012)	(7,197)	(958)
At 1 January 2017					
Trade and other payables*	44,273	(44,411)	(38,043)	(6,368)	–
Loans and borrowings	16,753	(18,318)	(9,288)	(4,519)	(4,511)
	61,026	(62,729)	(47,331)	(10,887)	(4,511)
Company					
At 31 December 2018					
Trade and other payables*	**1,115**	**(1,115)**	**(1,115)**	**–**	**–**
Recognised financial liabilities	**1,115**	**(1,115)**	**(1,115)**	**–**	**–**
Intra-group financial guarantees	**–**	**(12,181)**	**(12,181)**	**–**	**–**
	1,115	**(13,296)**	**(13,296)**	**–**	**–**

* Exclude accrued lease rental

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices that will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from other investments and debt obligations. The interest charge for other investments and debt obligations are made up of a mixture of fixed and floating rates. The floating rate loans are contractually repriced at intervals of twelve months, or as and when notified by banks. The Group does not use derivative financial instruments to hedge interest rate risk.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

		Carrying amount	
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Group			
Fixed rate financial instruments			
Financial asset – held-to-maturity	**–**	1,600	1,600
Financial asset – at FVTPL	**1,600**	–	–
Financial asset - available-for-sale			
– unquoted debt securities	**–**	–	20,068
Loan to immediate and ultimate holding company	**–**	–	8,001
Time deposits	**35,000**	2,741	1,509
Loans and borrowings	**–**	–	(9,457)
	36,600	4,341	21,721
Variable rate financial instruments			
Loans and borrowings	**(4,775)**	(1,757)	(7,296)
Loan from fellow subsidiary of ultimate holding company	**(5,815)**	–	–
	(10,590)	(1,757)	(7,296)

	Carrying amount
	2018
	$'000
Company	
Fixed rate financial instruments	
Loan to subsidiary	**35,000**

The Company does not have variable rate financial instruments as at 31 December 2018.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at FVTPL. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit before tax	
	100bp increase $'000	100bp decrease $'000
Group		
31 December 2018		
Variable rate instruments	**(106)**	**106**
31 December 2017		
Variable rate instruments	(18)	18

NOTES TO THE **Financial Statements**

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount				Fair value			
	Note	At amortised cost $'000	Mandatorily at FVTPL – others $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2018									
Financial assets measured at fair value									
Financial assets – at FVTPL	10	–	1,600	–	1,600	–	1,600	–	1,600
Financial assets not measured at fair value									
Trade and other receivables*	11	18,426	–	–	18,426				
Time deposits		35,000	–	–	35,000				
Cash and cash equivalents	13	60,979	–	–	60,979				
		114,405	–	–	114,405				
Financial liabilities not measured at fair value									
Trade and other payables#	16	–	–	(50,232)	(50,232)				
Loans and borrowings	17	–	–	(4,775)	(4,775)	–	(4,210)	–	(4,210)
		–	–	(55,007)	(55,007)				

* Exclude prepayments

\# Exclude accrued lease rental

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

		Carrying amount				Fair value			
	Note	Loans and receivables $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2017									
Financial assets not measured at fair value									
Financial assets – held-to-maturity	10	–	1,600	–	1,600				
Trade and other receivables*	11	18,133	–	–	18,133				
Cash and cash equivalents	13	53,043	–	–	53,043				
		71,176	1,600	–	72,776				
Financial liabilities not measured at fair value									
Trade and other payables#	16	–	–	(49,821)	(49,821)				
Loans and borrowings	17	–	–	(1,757)	(1,757)	–	(1,561)	–	(1,561)
		–	–	(51,578)	(51,578)				

* Exclude prepayments

\# Exclude accrued lease rental

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

		Carrying amount					Fair value			
	Note	Loans and receivables $'000	Available-for-sale $'000	Held-to-maturity $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group										
1 January 2017										
Financial assets measured at fair value										
Financial asset – available-for-sale										
– unquoted debt securities	10	–	20,068	–	–	20,068	–	–	20,068	20,068
Financial assets not measured at fair value										
Financial assets – held-to-maturity	10	–	–	1,600	–	1,600				
Trade and other receivables*	11	27,219	–	–	–	27,219				
Cash and cash equivalents	13	49,043	–	–	–	49,043				
		76,262	–	1,600	–	77,862				
Financial liabilities not measured at fair value										
Trade and other payables#	16	–	–	–	(44,273)	(44,273)				
Loans and borrowings	17	–	–	–	(16,753)	(16,753)	–	(15,625)	–	(15,625)
		–	–	–	(61,026)	(61,026)				

* Exclude prepayments

\# Exclude accrued lease rental

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Carrying amount				Fair value			
		At amortised cost $'000	Mandatorily at FVTPL – others $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2018									
Financial assets not measured at fair value									
Trade and other receivables*	11	41,351	–	–	41,351				
Cash and cash equivalents	13	12,040	–	–	12,040				
		53,391	–	–	53,391				
Financial liabilities not measured at fair value									
Trade and other payables#	16	–	–	(1,115)	(1,115)				

* Exclude prepayments

\# Exclude accrued lease rental

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 2 and Level 3 fair values as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Debt security	Binomial Option Pricing Model	• Share price • Conversion price • Market interest rate • Expected volatility	The estimated fair value would increase (decrease) if: • Share price was higher (lower); • Conversion price was lower (higher); • Market interest rate was lower (higher); or • Volatility was higher (lower). Generally, a change in the share price is accompanied by a directionally similar change in the conversion price.
Financial assets – at FVTPL	Discounted cash flows: The valuation model considers the present value of the expected future cash receivables, discounted using effective interest rate.	Not applicable	Not applicable

Financial instruments not measured at fair value

Loans and borrowings	Discounted cash flows: The valuation model considers the present value of the expected future cash payment, discounted using risk-adjusted discount rate.		

28 FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of fair values (Continued)

(ii) Level 3 fair values

	Group	
	2018	2017
	$'000	$'000
Available-for-sale financial asset		
At 1 January	–	20,068
Disposal	–	(20,068)
At 31 December	–	–

29 COMMITMENTS

(a) Capital commitments

Expenditure contracted for as at the reporting date but not recognised in the financial statements is as follows:

		Group	
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Commitment in respect of property, plant and equipment	**30,573**	1,187	–

(b) Operating leases as lessee

The Group has entered into various operating lease agreements for food court and retail outlet premises. These non-cancellable leases have remaining non-cancellable lease terms of between less than 1 to 6 years. Most leases contain renewable options. Some of the leases contain escalation clauses and provide for contingent rentals based on percentages of sales derived from assets held under operating leases. Contingent rent recognised as an expense amounted to approximately $4,413,000 (2017: $1,823,000) for the year ended 31 December 2018. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum lease payments under non-cancellable operating leases as at 31 December are as follows:

		Group	
	2018	2017	1 Jan 2017
	$'000	$'000	$'000
Within one year	**58,896**	61,086	51,970
Between one and five years	**94,293**	87,153	54,540
More than five years	**19,503**	13,616	–
	172,692	161,855	106,510

29 COMMITMENTS (CONTINUED)

(c) Operating leases as lessor

The Group has entered into non-cancellable operating leases to lease out its investment property (see note 7) and to sublease its retail outlet premises.

The leases are typically for a period of 1 to 3 years and are not cancellable. Leases that expire during the course of a financial year and have not been renewed will not be accounted for from their respective dates of expiration.

Future minimum lease receivables as at 31 December are as follows:

		Group	
	2018	**2017**	**1 Jan 2017**
	$'000	**$'000**	**$'000**
Within one year	**73,425**	73,165	69,210
Between one and five years	**73,444**	55,802	66,152
	146,869	128,967	135,362

30 ASSETS AND LIABILITIES HELD FOR SALE

In December 2016, management commenced its group restructuring exercise to streamline the Group's business and to focus on the operations of foodcourt and food and beverages business. Management sold seven investment properties and a subsidiary, Abundance Development Pte Ltd, to the immediate and ultimate holding company and a related company. The sale was completed by end of September 2017. Accordingly, the investment properties and the subsidiary were presented as assets and liabilities held for sale as at 1 January 2017.

At 1 January 2017, the assets and liabilities were stated at their carrying amounts as follows:

	Group
	1 Jan 2017
	$'000
Property, plant and equipment	2
Investment properties	40,099
Associate	13,162
Trade and other receivables	46
Cash and cash equivalents	2,854
Assets held for sale	56,163
Trade and other payables	123
Loans and borrowings	9,908
Current tax liabilities	274
Liabilities held for sale	10,305

30 ASSETS AND LIABILITIES HELD FOR SALE (CONTINUED)

Impairment losses on assets and liabilities held for sale

In September 2017, management remeasured the fair value less costs to sell of investment properties of the Group classified as assets held for sale to be $38,872,000. Accordingly, an impairment loss of $1,227,000 was recognised in other operating expenses.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier applications is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I)1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I)1-19)

Applicable to 2021 financial statements

- SFRS(I) 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Company has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group is described below.

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

31 NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONTINUED)

SFRS(I) 16 (Continued)

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. The Group as lessee

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio. Furthermore, the Group is likely to apply the practical expedient to recognise carrying amounts of ROU assets discounted using the lessee's incremental borrowing rate at 1 January 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expect their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group expects an increase in ROU assets of $119,282,000, an increase in lease liabilities of $126,788,000, and a decrease in retained earnings of $7,506,000.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

ii. The Group as lessor

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases using the existing operating lease accounting model.

32 COMPARATIVE INFORMATION

Company

There is no comparative information as this is the first set of the financial statements since its incorporation.

ADDITIONAL Information

A. INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2018, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (excluding transactions of less than S$100,000 each) are as follows:–

Name of Interested Persons	Aggregate value of all IPTs during the financial period under review (excluding transactions conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual and transactions less than S$100,000)		Aggregate value of all IPTs conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)	
	3 months ended 31 December 2018	12 months ended 31 December 2018	3 months ended 31 December 2018	12 months ended 31 December 2018
	S$'000	S$'000	S$'000	S$'000
Abundance Realty Pte Ltd				
(i) Food court and coffee shops' leases[1]	–	–	–	–
(ii) Service charges and outdoor refreshment area fees (paid on behalf)[2]	48	194	–	–
(iii) Repayment of loan interest[3]	42	172	–	–
Great Solutions Pte Ltd				
Dishwashing, cleaning, landscaping and vector control services[4]	–	–	102	538
Brightlink Electrical Pte Ltd				
Provision of renovation works and other general electrical works[5]	–	–	207	1,015
Jun Yuan Holdings Pte Ltd				
Allocation of IPO transaction costs to vendor for sale of shares[6]	–	149	–	–

ADDITIONAL Information

Notes:

(1) As disclosed in our Group's IPO Prospectus, our Group leases one food court and five coffee shop properties from Abundance Realty Pte Ltd ("Abundance") with the leases executed on 28 September 2017 for a lease term of four years commencing 28 September 2017. The monthly rental amounts to $268,000 with an aggregate value of $12,864,000 for the entire lease period.

(2) Service charges and outdoor refreshment area fees which were paid by Abundance to HDB and town councils in relation to the one food court and five coffee shops leased from Abundance were reimbursed by the Group to Abundance at cost on a monthly basis.

(3) As disclosed in our Group's IPO Prospectus, our Group obtained a loan of S$6.9 million from Abundance to finance the coffee shop property at 18 Jalan Membina after the entire loan amount was repaid to the bank pursuant to the restructuring. In turn, Abundance had obtained a 96-month term loan of S$6.9 million from DBS Bank Ltd on 28 September 2017 under which monthly repayments are made by them. The rate of interest on the loan from Abundance to our Group is in accordance with the rate of interest of the bank facility granted by DBS Bank Ltd to Abundance. As at 31 December 2018, the remaining loan balance owing to Abundance is S$5.8 million.

(4) As disclosed in our Group's IPO Prospectus, our Group obtains dishwashing (offsite and on premises), cleaning (general, toilet and car park), landscaping and vector control services from Great Solutions Pte. Ltd. in respect of the Hawker Centre for a period of 2 years from 3 October 2017 payable upon service rendered on a monthly basis.

(5) As disclosed in our Group's IPO Prospectus, our Group obtains electrical services from Brightlink Electrical Pte Ltd in connection with renovation works and other general electrical works at our F&B Outlets.

(6) Allocation of IPO transaction costs, after subtracting those deducted from equity and those costs borne wholly by the vendor e.g. underwriting fee for sale of vendor shares and legal fee incurred by the vendor are apportioned to the vendor based on the enlarged number of shares post IPO (555,163,000) vis-a-vis the number of shares (48,785,700) sold by the vendor during the IPO.

B. UPDATE ON THE USE OF THE IPO PROCEEDS

On 18 July 2018, the Company received gross proceeds of approximately S$45.5 million raised from the IPO on the Main Board of SGX-ST.

As at 31 December 2018, the status on the use of the IPO net proceeds is as follows:–

	Allocated	**Utilised**	**Balance**
	S$'000	**S$'000**	**S$'000**
Capital expenditure for integrated facility	30,000	(216)	29,784
Refurbishment and renovation of new and existing F&B outlets	8,000	(1,276)	6,724
Acquisitions, joint ventures, strategic alliances or investments	5,000	–	5,000
Listing expenses	2,500	(2,500)	–
Total	45,500	(3,992)	41,508

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Prospectus.

STATISTICS OF Shareholdings

AS AT 15 MARCH 2019

Number of Issued Shares (excluding treasury shares and subsidiary holdings)	:	555,163,000
Number/Percentage of treasury shares and subsidiary holdings	:	Nil
Voting rights	:	One vote per share
Class of Shares	:	Ordinary Shares

Distribution of shareholdings as at 15 March 2019

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	0	0.00	0	0.00
100 – 1,000	268	17.62	236,300	0.04
1,001 – 10,000	845	55.56	4,256,000	0.77
10,001 – 1,000,000	387	25.44	31,171,700	5.61
1,000,001 and above	21	1.38	519,499,000	93.58
Total	**1,521**	**100.00**	**555,163,000**	**100.00**

Twenty Largest Shareholders as at 15 March 2019

No.	Name of Shareholders	No. of Shares	% of Shares
1	JUN YUAN HOLDINGS PTE LTD	428,048,800	77.10
2	DBS NOMINEES (PRIVATE) LIMITED	38,432,800	6.92
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	10,910,900	1.97
4	TAN SWEE PENG	5,800,000	1.04
5	TAN HEE NAM	4,500,000	0.81
6	BPSS NOMINEES SINGAPORE (PTE.) LTD.	4,211,800	0.76
7	ANG SIAK TEE	3,453,000	0.62
8	HSBC (SINGAPORE) NOMINEES PTE LTD	3,238,900	0.58
9	UOB KAY HIAN PRIVATE LIMITED	2,972,800	0.54
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,945,200	0.53
11	PHILLIP SECURITIES PTE LTD	1,884,400	0.34
12	ANG CHIN KOON	1,500,000	0.27
13	NANYANG CONFUCIAN ASSOCIATION	1,500,000	0.27
14	ANG KOCK SEONG	1,430,000	0.26
15	PROVIDENCE HGF3 LIMITED	1,400,000	0.25
16	ANG SIEW KIOCK	1,388,600	0.25
17	HELEN YEE	1,275,000	0.23
18	TONG TECK HENG	1,273,800	0.23
19	TAN AH CHEW	1,200,000	0.22
20	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,087,300	0.20
	Total	**518,453,300**	**93.39**

Based on the information available to the Company as at 15 March 2019, approximately 22.82 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

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Substantial Shareholders

STATISTICS OF Shareholdings

AS AT 15 MARCH 2019

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Jun Yuan Holdings Pte. Ltd.	428,048,800	77.10	–	–
Pang Lim[1]	–	–	428,198,800	77.13
Ng Hoon Tien[2]	–	–	428,198,800	77.13

1 Pang Lim is deemed to be interested in 428,048,800 shares held by Jun Yuan Holdings Pte. Ltd. pursuant to Section 4 of the Securities and Futures Act ("SFA") and 150,000 shares held by his son, Pang Xue Ru pursuant to Section 133(4)(a) of the SFA.

2 Ng Hoon Tien is deemed to be interested in 428,048,800 shares held by Jun Yuan Holdings Pte. Ltd. pursuant to Section 4 of the SFA and 150,000 shares held by her son, Pang Xue Ru pursuant to Section 133(4)(a) of the SFA.

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koufu Group Limited ("the Company") will be held on 24 April 2019 at 10.00 a.m. at HDB Hub Convention Centre, Basement 1, Punggol Room, 480 Lorong 6 Toa Payoh, Singapore 310480 for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2018 together with the Auditors' Report thereon.
(Resolution 1)

2. To declare a final one-tier tax-exempt dividend of 1.2 cent per ordinary share for the financial year ended 31 December 2018.
(Resolution 2)

3. To re-elect Mr. Pang Lim, a Director who is retiring pursuant to Regulation 110 of the Constitution of the Company.
(Resolution 3)
[See Explanatory Note (i)]

4. To re-elect Dr. Yu Lai Boon, a Director who is retiring pursuant to Regulation 114 of the Constitution of the Company.
(Resolution 4)
[See Explanatory Note (ii)]

5. To re-elect Mr. Tan Huay Lim, a Director who is retiring pursuant to Regulation 114 of the Constitution of the Company.
(Resolution 5)
[See Explanatory Note (iii)]

6. To re-elect Mr. Hoon Tai Meng, a Director who is retiring pursuant to Regulation 114 of the Constitution of the Company.
(Resolution 6)
[See Explanatory Note (iv)]

7. To approve the payment of Directors' fees of S$95,806 for the financial year ended 31 December 2018.
(Resolution 7)

8. To approve the payment of Directors' fees of S$187,000 for the financial year ending 31 December 2019, to be paid quarterly in arrears.
(Resolution 8)

9. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 9)

10. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

11. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights issue, bonus issue or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

(the "***Share Issue Mandate***")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

NOTICE OF Annual General Meeting

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 10)

[See Explanatory Note (v)]

12. **Authority to issue shares under the Koufu Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the Koufu Performance Share Plan (the "Plan"), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

(Resolution 11)

[See Explanatory Note (vi)]

By Order of the Board

Seah Hai Yang
Company Secretary
Singapore, 9 April 2019

NOTICE OF Annual General Meeting

Explanatory Notes:

(i) Mr. Pang Lim will upon re-election as a Director of the Company remain as the Executive Chairman and Chief Executive Officer of the Company. Please refer to Corporate Governance Report on pages 50 to 58 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(ii) Dr. Yu Lai Boon will upon re-election as a Director of the Company remain as the Lead Independent Director, Chairman of Nominating Committee and a member of the Audit and Remuneration Committees. Dr. Yu Lai Boon will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 50 to 58 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iii) Mr. Tan Huay Lim will upon re-election as a Director of the Company remain as an Independent Director, Chairman of Audit Committee and a member of the Remuneration Committee. Mr. Tan Huay Lim will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 50 to 58 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(iv) Mr. Hoon Tai Meng will upon re-election as a Director of the Company remain as an Independent Director, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees. Mr. Hoon Tai Meng will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 50 to 58 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

(v) Ordinary Resolution 10, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(vi) Ordinary Resolution 11, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company under the Plan up to a number not exceeding in total (for the entire duration of the Plan) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notes:

1. A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint not more than two proxies to attend and vote in his/her stead. A member of the Company, which is a corporation, is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

2. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number and class of shares shall be specified.)

3. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619 not less than 72 hours before the time appointed for holding the Meeting.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter. 289 of Singapore, and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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KOUFU GROUP LIMITED

(Company Registration No: 201732833D)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________ (Name) ____________________ (NRIC/Passport Number/Company Regn. No.)

of ____ (Address)

being a member/members of KOUFU GROUP LIMITED (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or failing him/her (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the Annual General Meeting ("Meeting") of the Company to be held at HDB Hub Convention Centre Basement 1, Punggol Room, 480 Lorong 6 Toa Payoh, Singapore 310480 on 24 April 2019 at 10.00 a.m. and at any adjournment thereof. I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her* discretion.

(If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.)

No.	**Resolutions relating to:**	**For**	**Against**
Ordinary Business			
1	Audited Financial Statements for the Financial Year Ended 31 December 2018		
2	Payment of proposed final one-tier tax-exempt dividend		
3	Re-election of Mr. Pang Lim as a Director		
4	Re-election of Dr. Yu Lai Boon as a Director		
5	Re-election of Mr. Tan Huay Lim as a Director		
6	Re-election of Mr. Hoon Tai Meng as a Director		
7	Payment of Directors' fees for the financial year ended 31 December 2018		
8	Payment of Directors' fees for the financial year ending 31 December 2019		
9	Re-appointment of KPMG LLP as the Auditors		
Special Business			
10	Authority to allot and issue new shares		
11	Authority to allot and issue new shares under Koufu Performance Share Plan		

Dated this ________ day of ____________ 2019

Total number of Shares held

____

Signature(s) of Shareholder(s)
and/or Common Seal of Corporate Shareholder

*Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar at 9 Raffles Place #29-01 Republic Plaza Tower 1 Singapore 048619 not less than 72 hours before the time set for the Meeting.

4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. A Relevant Intermediary* may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her (which number or class of shares shall be specified).

6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or duly authorised officer. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as his/her proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 April 2019.

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