KIMLY LIMITED
(the "**Company**")
(Registration No. 201613903R)

CORRIGENDUM TO 2019 ANNUAL REPORT

The Board of Directors (the “**Board**”) of Kimly Limited (the “**Company**”) refers to the Company’s annual report for the financial year ended 30 September 2019 (“**Annual Report 2019**”) dispatched to the Shareholders on 6 January 2020. Due to an inadvertent error, the Net Asset Value Per Share on page 21 should be read as “cents’ instead of “S$”. The revised Annual Report 2019 is attached to this announcement.

Save as disclosed, all other information contained in the Annual Report 2019 remains unchanged. The revised Annual Report 2019 has been uploaded on the website of the Singapore Exchange Securities Trading Limited at http://www.sgx.com.

BY ORDER OF THE BOARD

Hoon Chi Tern
Company Secretary
14 January 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).

Kimly
The Flavours of Life

UNCOVERING VALUE

KIMLY LIMITED | ANNUAL REPORT 2019

CONTENT

This annual report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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CORPORATE PROFILE

Kimly Limited (the "Company" or "Kimly", and together with its subsidiaries, the "Group") is one of the largest traditional coffee shop operators in Singapore with more than 25 years of experience. The Group operates and manages an extensive network of 72 food outlets under -"Kimly", "foodclique" and a third party brand, 135 food stalls comprising Mixed Vegetable Rice, Teochew Porridge, Dim Sum, Seafood "Zi Char", a Kanaaji Japanese Tonkatsu food stall, two Tonkichi restaurants and nine Rive Gauche confectionery shops.

While keeping to the heritage of a traditional coffee shop that provides affordable food for all, Kimly is also constantly modernising to keep up with the times and changing consumer trends. It has adopted cashless electronic payment systems at certain of its food outlets and moved into the online platform for its Dim Sum and Seafood "Zi Char" products which are available through Deliveroo, Foodpanda, GrabFood and Oddle.

The Company was successfully listed on Catalist of the SGX-ST on 20 March 2017.

OUR BUSINESSES

OUTLET MANAGEMENT DIVISION

Under our Outlet Management Division, the Group operates and manages 65 coffee shops and four industrial canteens under the "Kimly" brand and a third party brand, and three food courts under the "foodclique" brand.

With our proven and established track record as a food outlet operator, we have been able to attract quality and anchor tenants with whom we have forged strong longstanding relationships. As at the date of this report, Kimly maintained a healthy occupancy rate of 98% for a total of over 500 stalls within our managed food outlets.

FOOD RETAIL DIVISION

Catering to a broad and varied customer base and supported by our Central Kitchen, the Group's 135 stalls, a Kanaaji Japanese Tonkatsu food stall, two Tonkichi restaurants and nine Rive Gauche confectionery shops under our Food Retail portfolio comprises:

31 Mixed Vegetable Rice

22 Rice Garden

03 Teochew Porridge

50 Dim Sum

29 Seafood "Zi Char"

01 Kanaaji Japanese Tonkatsu food stall

02 Tonkichi Restaurants

9 Rive Gauche Confectionery Shops

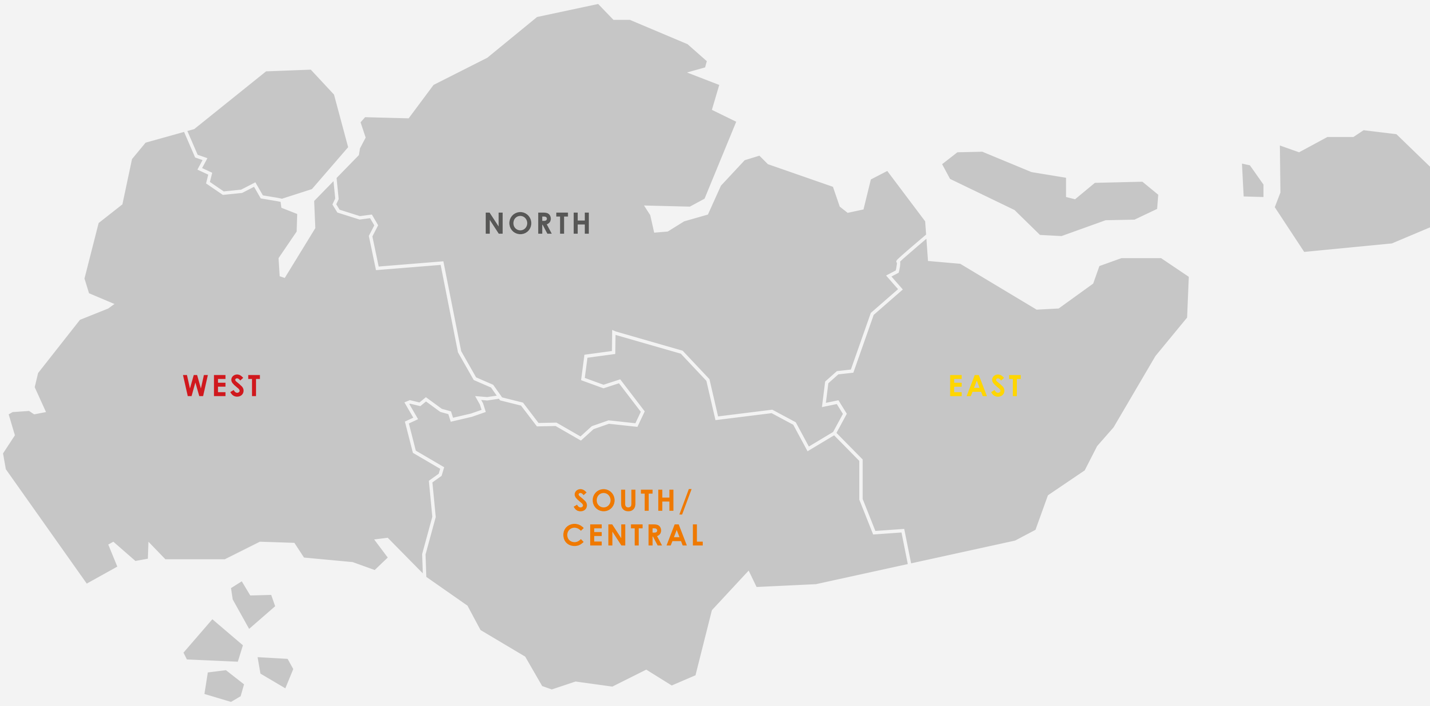
Our Central Kitchens supply sauces, marinades and semi-finished food products to our Mixed Vegetable Rice, Seafood "Zi Char" and Dim Sum stalls.

OUR NETWORK

72
Food Outlets

135
Food Stalls

50
Out of 72 Food Outlets Are Open 24 Hours.



OUR EXTENSIVE NETWORK

The Group has an extensive network of 72 food outlets located across the heartlands of Singapore, with its food stalls serving a variety of dishes catering to consumers' diverse preferences. 50 out of 72 food outlets are open 24 hours.

WEST	NORTH	SOUTH/ CENTRAL	EAST
22 Food Outlets	19 Food Outlets	13 Food Outlets	18 Food Outlets
49 Food Stalls	31 Food Stalls	23 Food Stalls	32 Food Stalls

EXPANDING FOOTPRINT

MESSAGE TO SHAREHOLDERS

"WE HAVE ACHIEVED HEALTHY GROWTH ON TOP OF A COMMENDABLE PERFORMANCE AMID A STRATEGIC RECALIBRATION OF THE GROUP'S BUSINESS OPERATIONS."

DEAR SHAREHOLDERS

On behalf of the Board of Directors (the "Board"), I am pleased to share our results for the financial year ended 30 September 2019 ("FY2019"). This is the third year of our reporting as a listed company, and we have achieved healthy growth on top of a commendable performance amid a strategic recalibration of the Group's business operations.

The Group is aware of the cost pressures on labour, food, rental and expansion which are affecting the Food and Beverage ("F&B") operators in Singapore. The reduction in Foreign Worker Quota as announced in Budget 2019 will significantly impact manpower and labour costs over the next two years. Despite these challenges, our performance remains on track and we continue to pursue opportunities to enhance shareholders' value. Following a review of the F&B landscape and our internal functions, we have launched a recalibration of our strategy to transition from asset-light to obtaining more direct asset ownership of the food outlets. As such, the proposed diversification of the Group's business to include the Outlet Investment Business will be tabled for shareholders' approval at the Extraordinary General Meeting on 21 January 2020.

Expanding Footprint, Harnessing Synergy, Unlocking Value

Against the prevailing competitive F&B landscape and changing consumer lifestyle and preferences, the Group continues to review its strategy and evolve to remain competitive and deliver higher value to all our stakeholders.

MESSAGE TO SHAREHOLDERS

"THE GROUP CONTINUES TO DEVISE NEW ATTRACTIVE PRODUCTS TO CATER TO CHANGING CONSUMER PREFERENCES. THE RECENT INTRODUCTION OF THE BAK KWA PAU HAS BEEN A HUGE HIT WITH CUSTOMERS. ONLINE DELIVERY HAS ALSO TAKEN OFF, AND THE GROUP CONTINUES TO INCREASE THE REACH THROUGH ITS ONLINE DELIVERY FOOTPRINT."

A year has passed since we launched our four-pronged growth strategy to pursue opportunities to grow our footprint and leverage on the increased synergies of our central kitchen and supply chain functions.

We have extended the tray return reward system to more outlets across Singapore. The system encourages customers to return used cutlery and crockery to collection devices that have been installed within our food outlets. By doing so, they receive a slip with a QR code receipt with a 10 cents rebate for their next purchase at the food outlet. This helps to reduce the workload for cleaners and food outlet staff. The QR code receipt issued is tracked to monitor the effectiveness of this initiative.

To cater to the increasing preference for convenient alternative payment methods, cashless payment options have been introduced at our food stalls located at Block 292 Bukit Batok East Avenue 6, National University of Singapore ("U-Town') and Block 651 Jurong West St. 61. The implementation of cashless payment is especially welcomed by university students at U-Town, who are more likely to be reliant on such payment methods.

While Seafood "Zi Char" remains a traditional cuisine originating decades ago, we have equipped it with modern technology and supply chain functions to enable it to thrive in the 21st century. With the recent improvements made, an increased number of food items are now prepared at our central kitchen before being delivered to food stalls across Singapore. This helps to improve standardisation of food quality, while simultaneously reducing the workload of stall workers. In addition, a new automated deep fryer has been rolled out to several of our stalls. This further

increases production rate by reducing man-hour requirements to prepare secondary food products, and frees up the chefs to focus more on quality control and other important operation details. Moreover, the automated deep fryer has energy-saving capabilities, as well as heat-reduction capabilities to keep the stall environment conducive for workers.

To increase productivity at our Mixed Vegetable Rice stalls, there is a greater reliance on machinery for day-to-day chores, which additionally leads to higher quality and consistency control. To leverage on the improved functions of our central kitchen, we have implemented a cloud based procurement system which allows for end-to-end integration by reducing duplicate data entry and provide real time visibility of orders sent to the central kitchen, sales data and stock balance. While the "Zi Char" stalls enjoy the use of the new automated deep fryer, Mixed Vegetable Rice stalls now utilise the Combi-Oven, which enables automation of several cooking processes, reducing man-hour requirements for food preparation. Like the automated deep fryer, the Combi-Oven is energy-saving and has heat reduction capabilities to ensure a suitable working temperature at our stalls.

As Dim Sum sales continue to grow, we have implemented several technology-driven initiatives to enhance our Dim Sum sales and production processes. Point of Sales system ("POS") and Enterprise Resource Planning system ("ERP") integration allows for real-time data accuracy and visibility of the whole operations including sales and stock level. The Group continues to devise new attractive products to cater to changing consumer preferences. The recent introduction of the Bak Kwa pau has been a huge hit with customers. Online delivery has also taken off, and the Group continues to increase the reach through its online delivery footprint.

MESSAGE TO SHAREHOLDERS

Net Attributable Profit (FY2019)

S$20.1m

2018: S$21.9m

Revenue (FY2019)

S$208.3m

2018: S$202.2m

Forward Strategy

Over the course of the financial year, we have carefully assessed the F&B operating environment and Kimly's options to enhance shareholder value. We believe that our future growth lies in attaining a greater proportion of direct asset ownership of the food outlets in which the Group operates.

The acquisition of coffeeshop property located at Block 143 Teck Whye Lane ("TW143") and the signing of a non-binding term sheet to acquire interests in a portfolio of coffeeshop leases ("Proposed Acquisition"), are in line with our strategy to expand our foodprint in Singapore through the acquisition of more food outlets at strategic locations within mature and populated estates with established footfalls, across the island. This is also part of the Group's ongoing efforts to pursue long term direct ownership of properties where we currently operate and manage food outlets. This strategy will enable the Group to mitigate uncertainty surrounding private leases, which can be influenced by expectations from landlords and market competition.

Going forward, we will continue to explore similar opportunities to increase our own portfolio of coffeeshop outlets with the view of enhancing long-term shareholder value.

Financial Performance

For FY2019, we recorded net attributable profit of S$20.1 million, a decrease of 8.4% over the previous year. This was achieved on the back of revenue of S$208.3 million, which grew 3.0% from S$202.2 million, mainly due to increase in contribution from the Food Retail Division of S$8.6 million, as a result of contribution from our Japanese restaurants, Tonkichi and confectionery shops, Rive Gauche. Gross profit in FY2019 grew by 1.2% to S$40.7 million from S$40.2 million in FY2018. The increase in gross profit was offset by higher selling and distribution expenses, and administrative expenses which lowered profit before tax to S$23.9 million. EBITDA for FY2019 was S$26.0 million (FY2018: S$27.4 million).

Our balance sheet remains healthy. The Group generated operating cash flow of S$36.4 million with cash and cash equivalents as of 30 September 2019 at S$87.2 million. As at the date of this report, the Group had utilised S$27.6 million of its IPO net proceeds resulting in a balance of S$15.9 million.

Rewarding Shareholders

In appreciation of the unwavering support from our shareholders, the Board is recommending a final one-tier tax-exempt cash dividend of 0.84 Singapore cent per share. Taking into account the interim dividend of 0.56 Singapore cent per share paid in July 2019, the proposed total dividend for FY2019 is 1.40 Singapore cents per share, representing a payout of 80.2% of the Group's net attributable profit for FY2019, as compared to a payout ratio of 50.7% in FY2018. The final dividend is subject to shareholders' approval at the forthcoming annual general meeting on 21 January 2020.

Giving from the Heart

We believe in going beyond our purpose of delivering sustainable profits for our stakeholders. We are committed to contributing to the communities in manners that we can make a positive difference to the people we can reach out to.

Education has the power to change one's life, we believed that our contributions help put opportunities within reach of students from lower income families. No one should be deprived of receiving a good education because of his or her financial background. This year, the Group has contributed $25,000 towards NUS Food Science & Technology Programme Bursary Fund, where students can access quality education but at a fee they can afford, this gives them a great opportunity to uplift their lives regardless of their financial background.

We continue to make monthly donations to Club 100 @ Northwest CDC, where our contribution is channelled to the North West Food Aid Fund to benefit 12,000 under-privileged families annually through food assistance.

MESSAGE TO SHAREHOLDERS

"OUR SUCCESS IS IN NO SMALL PART A RESULT OF THE UNWAVERING DEDICATION, HARD WORK AND LOYALTY OF OUR STAFF AND MANAGEMENT TEAM."

The Group continues our monthly contributions to the SBL Vision Family Service Centre, it is a community service by the Singapore Buddhist Lodge Welfare Foundation. It is a voluntary welfare organisation located in Tampines since 1998. Its services are available to anyone, regardless of race, language, religion and nationality.

The Group has increased the number of Rice Garden Mixed Vegetable Rice stalls to 22. The Rice Garden concept is a business community partnership between NTUC Foodfare and our Group. In November 2015, we joined the Rice Garden Business Community Partnership Programme launched by NTUC Foodfare, a social enterprise. NTUC Foodfare provides monthly grants to partners to defray the cost of keeping food prices low. Through this program, we have been able to provide highly affordable nutritious meals to many Singaporeans, especially those from lower income families.

With Gratitude

On behalf of the Board, I would like to extend my gratitude to Mr Ter Kim Cheu, our Lead Independent Director who has indicated his intention not to seek re-election at the forthcoming AGM. I wish to express appreciation for Mr Ter's invaluable contributions to the Company during the tenure of his directorship. At the same time, we would like to take this opportunity to extend a warm welcome to our new Independent Director, Mr Lau Chin Huat who came on board in October 2019. We certainly look forward to working together to grow the Group in meeting its strategic goals.

On this note, I would also like to express my heartfelt gratitude to our business partners, landlords, food stall operators, associates, customers, suppliers, and most importantly our shareholders for sticking by us.

Last but not least, our success is in no small part a result of the unwavering dedication, hard work and loyalty of our staff and management team.

We look forward to your continued support as we make this transition to bring Kimly to greater heights.

LIM HEE LIAT
Executive Chairman

给股东的信息

"集团对业务进行策略性调整的同时，取得了可喜的成绩以及健康的增长。"

致各位股东

我谨代表董事会,向各位提呈我们截至2019年9月30日财政年度（"2019财年"）的业绩。这是我们上市后提呈报告的第三年。集团对业务进行策略性调整的同时，取得了可喜的成绩以及健康的增长。

集团深知劳动力，食品，租赁和业务扩张的成本压力正在影响新加坡的餐饮业者。2019年财政预算宣布减少外国劳工配额，这将在未来两年内显著影响人力成本。尽管面临诸多挑战，我们的业绩仍处于正轨，我们也持续坚持寻求机会以提高股东价值。在检讨餐饮业趋势及内部运作后，我们重新调整策略，从轻资产转变为拥有餐饮店的直接资产拥有权的调整策略已提交于2020年1月21日的股东特别大会，供股东批准。

拓展业务，协同效应，释放价值

面对当前竞争激烈的餐饮业格局，以及不断变化的消费者生活方式和喜好，本集团继续审查自身策略并不断革新，以保持竞争力，并为所有利益相关者带来更高的价值。

给股东的信息

"集团继续研发新产品，以迎合不断变化的消费者喜好。 最近推出的肉干包，深受顾客喜爱。 外卖送餐业务也开始起飞，本集团将继续扩大外卖送餐的覆盖面。"

自我们推出四管齐下的发展策略以来，一年已经过去了。我们持续寻求机会延伸业务足迹，并充分运用中央厨房和供应链功能，不断地增强协同效应。

我们将退还托盘奖励系统拓展到了新加坡各地的更多分店。该系统鼓励顾客将用过的餐具和碗碟拿回到我们食品店内已安装的收集设备。退还托盘后，顾客会收到一张带有QR码的收据，并可以在下次在咖啡店消费时获得新币10角的回扣，这有助于减少清洁员工和店员的工作量。发出的QR码收据,可用于复审该计划的有效性。

为了迎合人们对便利的无现金付款方式,日益增长的需求，我们在位于 (1)武吉巴督东第292座第6巷, (2)新加坡国立大学（"U-Town"），以及(3)裕廊西第651座第61街的摊位引入了无现金付款方式。无现金付款方式，特别受到新加坡国立大学学生们的欢迎。

海鲜煮炒是本地数十年以来的传统美食。我们为它装备了现代技术和完善供应链，使其能够在21世纪继续蓬勃发展。随着近期的改进，如今我们的中央厨房可以烹饪及准备更多美食产品，然后运送到全岛各个饮食摊位。这有助于提高食品质量的标准性，同时减少摊位员工的工作量。此外，我们在其中几个摊位也推出了一种新型的自动油炸锅。通过减少二次烹饪所需的时间，进一步提高生产率，并让厨师有更多时间专注于质量控制和其他更重要营运细节。此外，自动油炸锅备有节能功能和降温功能， 进一步提升摊位员工的工作环境.

为了进一步提升我们杂菜饭摊位的生产率，我们将更依赖机械对日常琐事的处理，这也有助于推动更高的质量和品质的标准性。为了充分开发中央厨房的生产率，我们采用了云端采购系统，该系统通过减少重复数据输入，提供发送至中央厨房的订单，销售数据和库存余额的实时可见性。杂菜饭摊位现在更开始使用智能蒸烤箱，可以实现多个烹饪过程的自动化，从而减少准备食物的工时。像自动油炸锅一样，智能蒸烤箱节能且具有降温功能，以确保摊位内更舒适的工作温度。

随着点心销售的持续增长，我们已实践了多项技术驱动的计划，以强化点心的销售和生产流程。销售点系统（"POS"）和企业资源计划系统（"ERP"）整合提供实时数据准确性以及包括销售和库存水平在内的整个运营的可见性。集团继续研发新产品，以迎合不断变化的消费者喜好。 最近推出的肉干包,深受顾客喜爱。 外卖送餐业务也开始起飞，本集团将继续扩大外卖送餐的覆盖面。

发展策略

在这一年中，我们仔细评估了餐饮业的经营环境以及集团提高股东价值的选项。我们相信，集团的未来发展取决于增加在集团经营的餐饮店中，获得更大比例的直接资产拥有权。

给股东的信息

德惠巷,第143座咖啡店（“TW143“）的收购，以及签署非约束性条款以拟议获取一组咖啡连锁店租赁及投资组合中的权益,（“收购拟议“）符合我们的扩充策略。通过在全岛具有成熟且人口密集的地区收购更多的饮食店，我们将不断地扩大集团在新加坡的美食足迹。这也是集团为追求长期直接资产拥有我们目前经营和管理的饮食店而不断努力的一部分。该策略将帮助集团减低可能会受到私人租赁业主的期望和市场竞争影响的不确定性。

展望未来，我们将继续探索同样的机会，以增加集团的咖啡店网点， 从而提高长期股东价值。

财务业绩

集团于2019财年的净应占利润2千10万新元，较去年相比减少了8.4%。这净应占利润是在2.083亿新元收入的基础上实现的，此收入比去年的2.022亿新元增长了3.0%，主要是由于食品零售部门增加了860万新元的贡献。这要归功于我们日本餐饮餐厅 Tonkichi 和蛋糕店 Rive Gauche。 2019财年的毛利从2018财年的4千20万新元增长1.2%至4千70万新元。毛利的增长被销售，分销和行政费用的增加所抵消，税前利润降至2千390万新元。2019财年的息税折旧摊销前利润为2千600万新元（2018财年：2千740万新元）。

我们的资产负债表仍保持健康。截至2019年9月30日，集团产生经营现金流3千640万新元，现金和现金等价物8千720万新元。截至本报告发布之日，集团已使用了首次公开募股净收益中的2千760万新元，现余额1千590万新元。

回馈股东

为了感谢股东们的坚定支持，董事会建议最终的每股免税现金股利为每股0.84新分。包括2019年7月派发的中期股息每股0.56新分，2019财年的拟议总股息为每股1.40新分，相等于派发了本集团2019财年净利润的80.2%，相较2018财年的比例为50.7%。末期股息须在即将于2020年1月21日举行的年度股东大会上获得股东的批准。

金味相信，除了为我们的利益相关者提供可持续利润，我们还能做得更多。我们致力于为社区做出贡献，并为我们所接触到的人们带来积极，正面的改变。

教育可以改变一个人的人生。我们相信，通过我们的贡献，来自低收入家庭的学生可以获得更多的机会。任何人都不应该因其财务背景而错失良好教育的机会。今年，本集团已向国大的助学基金捐赠2.5万新元。通过该笔款项，学子们将能够以可负担的费用接受优质的教育，这使他们有机会提升自己的生活，而不用受制于自身的财务背景。

我们将继续每月向 Club 100 @ Northwest CDC 捐赠，我们的捐赠将通过西北食品援助基金会（North West Food Aid Fund）进行分配，每年的食品援助能使1.2万个贫困家庭受益。

“我们的成功在很大程度上要归功于我们的员工和管理团队坚定不移的奉献精神，艰苦奋斗以及忠诚的信念。”

集团也继续每月捐款给新加坡佛教会福利基金会的社区服务SBL Vision家庭服务中心。这是一个自1998年以来,在位于淡滨尼的自愿性福利组织，为所有人提供服务，不论其种族，语言，宗教和国籍。

集团已将禾园杂菜饭摊位的数量增加到22个。禾园是公司与 NTUC Foodfare 之间的商业社区合作计划。自2015年11月以来，我们一直是 NTUC Foodfare 商业社区合作计划的合作伙伴。NTUC Foodfare 每月向合作伙伴提供补助，以支付保持较低的价格。通过该计划，我们能够为许多新加坡人，尤其是低收入家庭成员，提供价格实惠的营养餐。

心怀感激

我谨代表董事会对首席独立董事戴欽书先生表示感谢，他已表示不打算在即将召开的年度股东大会上寻求连任。对于戴先生在其任职期间为公司做出的宝贵贡献，我表示感谢。同时，我们要热烈欢迎于2019年10月上任的新独立董事刘进发先生。我们期待着共同努力，以实现集团的策略目标。

我也要衷心的感谢我们的业务合作伙伴， 业主，食品摊位经营者，合伙人，客户，供应商，最重要的也是我们的股东给予我们的支持和坚定的信念。

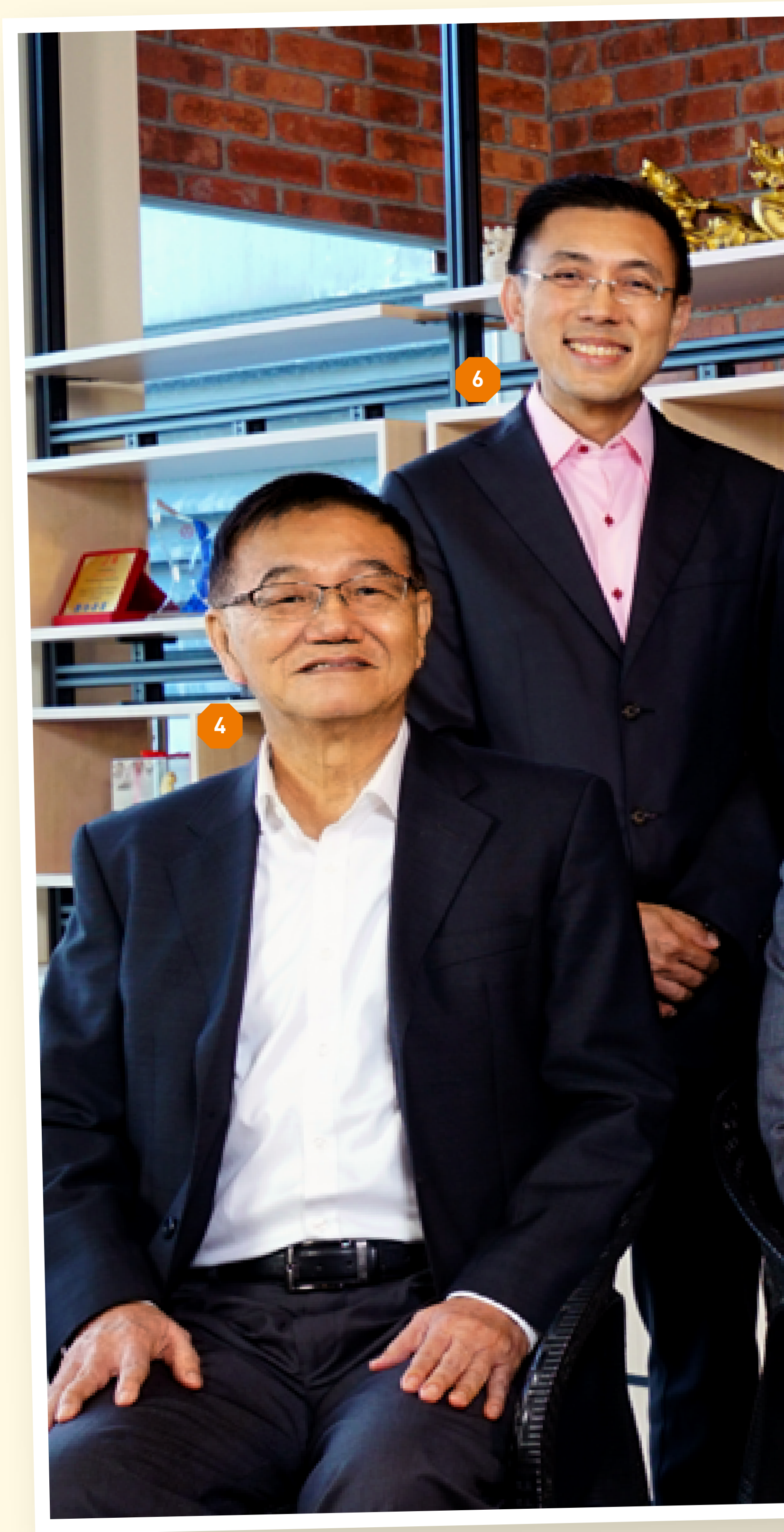
最后，我们的成功在很大程度上要归功于我们的员工和管理团队，坚定不移的奉献精神，艰苦奋斗以及忠诚的信念。

在前进的道路上，我们希望继续获得各位的鼎力支持，让金味更上一层楼。

林喜烈
执行主席

HARNESSING
SYNERGY

BOARD OF DIRECTORS



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BOARD OF DIRECTORS

1 MR LIM HEE LIAT

Executive Chairman

Member of the Nominating Committee

Mr Lim Hee Liat is our Executive Chairman and and was appointed to our Board on 23 May 2016.

As a founding shareholder of the Group, Mr Lim Hee Liat has more than 25 years of experience in the coffee shop and F&B industry and is instrumental to the Group's continued success and growth. He oversees the overall development and performance of the Group, setting and executing strategic directions as well as expansion plans, including sourcing for investment opportunities to promote the growth of the business.

Mr Lim is a patron of Taman Jurong Community Club Management Committee.

2 MR VINCENT CHIA

Executive Director

Mr Vincent Chia is our Executive Director and was appointed to our Board on 3 February 2017.

Mr Chia is responsible for strategising and implementing key improvements to the Group's various processes so as to continually raise the Group's standards of productivity and food quality. Part of his portfolio also includes monitoring the key performance indicators of the Group's centralised functions, such as the Central Kitchen, human resources and procurement. He also assists the Executive Chairman in managing the Group's overall business development, expansion and various other business processes.

Mr Chia has more than 20 years of experience in the F&B industry. Prior to joining the Group in 2006, he held the post of Operations Manager at S-11 F&B Holdings Pte Ltd, a coffee shop and food stall operator. He was the Group Operations Manager of Chai Chee Noodle Village from 2003 to 2005. In 1996, he joined Asia Pacific Breweries (S) Pte Ltd as an Assistant Sales Manager. Mr Chia started his career at Suntec F&B Holding Pte Ltd as an Assistant Restaurant Manager, where he was involved in setting up Suntec Terrace Café.

Mr Chia obtained a Diploma in Sales and Marketing from the Marketing Institute of Singapore in 2003, as well as a Statement of Attainment for the PI-PHQ-303E-1 Apply Food Safety Management Systems for Food Service Establishments at Singapore Polytechnic from the Singapore Workforce Development Agency in 2015.

3 MS KAREN WONG

Finance Director

Ms Karen Wong is our Chief Financial Officer and was appointed to our Board in November 2018.

She is responsible for the overall financial management, reporting and internal control matters for the Group. Ms Wong has over 16 years of experience in audit, accounting and finance. Prior to joining the Group, she held the post of Regional Financial Controller for Connell Brothers Singapore, a multi-national corporation and Regional Head, Financial Planning & Analysis at Maybank Investment Banking Group. She started her career as an auditor with Arthur Andersen Kuala Lumpur in 2000 and was an Audit Senior Manager at Ernst & Young LLP, Singapore when she left in 2013. Ms Wong graduated with a Bachelor of Accountancy from the Northern University of Malaysia in 2000. She is a member of the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysia Institute of Accountants.

4 MR TER KIM CHEU

Lead Independent Director

Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees

Mr Ter Kim Cheu is our Lead Independent Director and was appointed to our Board on 15 February 2017.

Mr Ter Kim Cheu has more than 30 years of experience in the legal industry and currently provides legislative consultancy services overseas. He was appointed an Independent Director of Hong Leong Finance Limited in 2010. Having retired from the Singapore Legal Service, Mr Ter is now a member of the Strata Titles Boards and Audit Committee member of the Singapore Sports Council.

Prior to his retirement in 2008, he was the Parliamentary Counsel and Principal Senior State Counsel (Legislation Division), Attorney- General's Chambers, Singapore and a Law Revision Commissioner of Singapore. Mr Ter was also a member of the Securities Industry Council from 1993 to 1997.

Mr Ter graduated with a Bachelor of Social Science (Honours) degree from the University of Singapore (now known as the National University of Singapore) in 1970. He subsequently graduated with Bachelor of Law and Master of Law degrees from the University of London in 1976 and 1977 respectively. Mr Ter was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1980 and is also a Barrister-at-Law, having been called to the English Bar at Lincoln's Inn in 1977.

5 MR WEE TIAN CHWEE JEFFREY

Independent Director

Chairman of the Audit Committee and a member of the Remuneration Committee

Mr Wee Tian Chwee Jeffrey is our Independent Director and was appointed to our Board on 15 February 2017.

Mr Wee Tian Chwee Jeffrey's professional experience includes the audit of diverse companies ranging from small and medium-sized enterprises to Singapore Listed Companies and multinational corporations. He also worked for Metal Box Singapore Limited as Chief Accountant prior to practise as a public accountant at T. C. Wee & Co., which he established since 1981.

Mr Wee is a practising member of the Institute of Singapore Chartered Accountants and a Fellow of The Association of Chartered Certified Accountants.

6 MR LIM TECK CHAI DANNY

Independent Director

Chairman of the Remuneration Committee and a Member of the Audit and Nominating Committees

Mr Lim Teck Chai Danny is our Independent Director and was appointed to our Board on 15 February 2017.

Mr Lim Teck Chai Danny has more than 20 years of experience in the legal industry and is currently an equity partner in Rajah & Tann Singapore LLP. He joined the law firm in 1998 and has since been practising and advising on all aspects of corporate legal advisory and transactional work, both locally and regionally. He has a wide range of experience in acquisitions, investments, takeovers, initial public offerings and restructuring, amongst others, and his clients include multi-national corporations, small medium enterprises, private equity and institutional investors, Singapore and foreign listed companies, financial institutions and others.

Mr Lim is also an Independent Director of TEE Land Limited, UG Healthcare Corporation Limited, Stamford Land Corporation Ltd and Choo Chiang Holdings Ltd, all of which are companies listed on the SGX-ST.

Mr Lim graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1998 and a Master of Science (Applied Finance) degree from the Nanyang Technological University in 2006. He has been admitted as an advocate and solicitor of the Supreme Court of Singapore since 1999 and is a member of the Law Society of Singapore and the Singapore Academy of Law.

7 MR LAU CHIN HUAT

Independent Director

Member of the Audit Committee

Mr Lau Chin Huat was appointed as our Independent Director on 1 October 2019.

Mr Lau graduated with a Bachelor of Accountancy degree from the National University of Singapore and is currently a practicing Chartered Accountant, Singapore. Mr Lau is a Fellow member of Institute of Singapore Chartered Accountants (ISCA), Member of Certified Public Accountants of Australia (CPA Australia) and a Fellow member of The Singapore Institute of Arbitrators.

KEY MANAGEMENT

1 MR SUNNY PEH

Head of Outlet Operations

Mr Peh Kim Leong Sunny was appointed as the Group's Head of Outlet Operations in 2008.

He is responsible for the overall management and oversight of the Group's food outlets and Operations Managers, including the setting up of new food outlets as well as coordinating and monitoring compliance with the applicable laws, regulations and licensing requirements across the Group.

Prior to joining the Group, Mr Peh held the post of Sales Executive at Excel Singapore. He was a Marketing Executive of Epson Singapore Pte Ltd between 2006 and 2007. Mr Peh started his career as a Weapons System Specialist with the Republic of Singapore Air Force in 1998.

Mr Peh graduated with a Diploma in Electrical Engineering from Ngee Ann Polytechnic in 1997. He subsequently obtained a Degree in Business Administration from the University of Canberra in 2009.

2 MR ROY TAN

Head of Operations

Mr Tan Chong Sing Roy is the Head of Operations heading food retail, business development & corporate communications of the company.

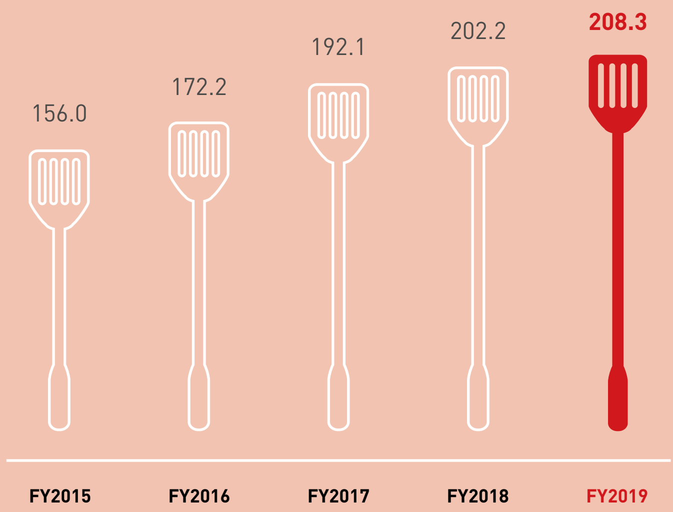
Mr Tan is in charge of the Company's food retail, business development and corporate communications of our Group, who, along with the management team, is responsible for the growth and development of our Group by devising and implementing the strategic directions and expansion plans as well as sourcing and executing investment opportunities.

He has 18 years of experience in the F&B and food service management industry, including a brief period of time with FMCG (APBS). Prior to joining the Company, he operated and supervised his own chains of coffee shops and food stalls.

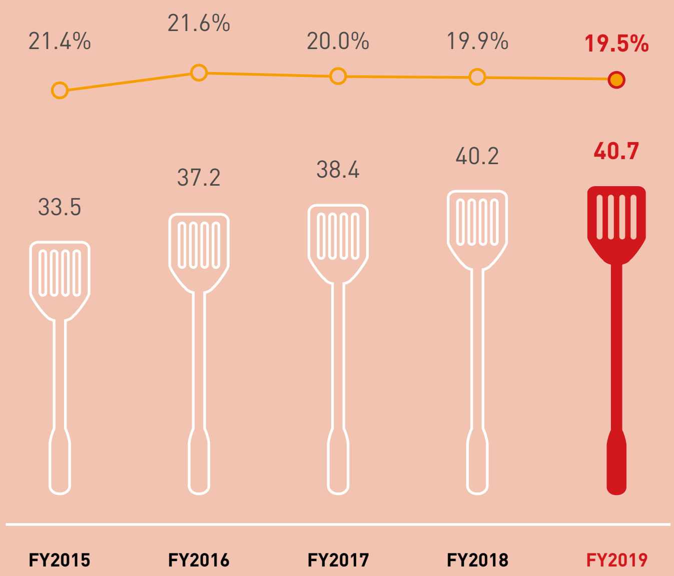
UNLOCKING VALUE

FINANCIAL HIGHLIGHTS

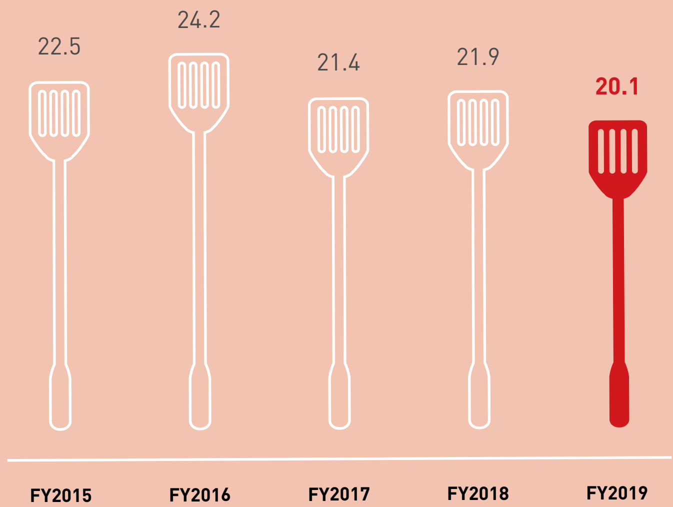
REVENUE (S$'M)



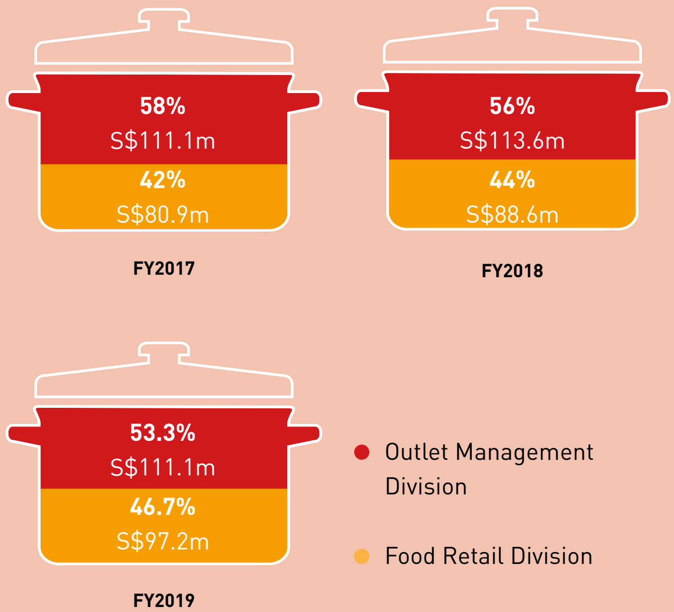
GROSS PROFIT (S$'M) & GROSS PROFIT MARGIN (%)



PROFIT FOR THE YEAR (S$'M)



REVENUE BREAKDOWN BY BUSINESS SEGMENT



FINANCIAL HIGHLIGHTS

	2015 S$'000	2016 S$'000	2017 S$'000	2018 S$'000	2019 S$'000
Income Statement					
Group Revenue	155,972	172,226	192,121	202,213	208,299
Revenue by Business Segment					
- Outlet Management	88,137	97,550	111,175	113,573	111,084
- Food Retail	67,835	74,676	80,946	88,640	97,215
Group Profit Before Tax					
Profit before tax by Busness Segment					
- Outlet Management	7,875	10,928	11,805	11,532	10,392
- Food Retail	15,575	15,450	18,003	18,769	19,194
Group Gross Profit	33,450	37,205	38,449	40,187	40,687
Group EBITDA	26,287	27,525	27,113	27,441	25,989
Group Profit after Tax	22,493	24,217	21,429	21,883	20,053
Financial Position					
Total Assets	41,850	43,388	106,199	115,623	121,037
Total Liabilities	19,213	25,067	32,538	32,037	33,144
Total Shareholder's Equity	22,637	18,321	73,661	83,586	87,893
Cash and Cash equivalents	29,328	29,446	85,079	71,669	87,189
Per Share Information					
Earnings Per Share (cents)	2.36	2.48	2.01	1.89	1.74
Net Asset Value Per Share (cents)	1.96	1.59	6.36	7.23	7.65
Key Ratios					
Gross Profit margin (%)	21.4%	21.6%	20.0%	19.9%	19.5%
EBITDA margin (%)	16.9%	16.0%	14.1%	13.6%	12.5%
Profit after tax margin (%)	14.4%	14.1%	11.2%	10.8%	9.6%
Return on Shareholders' Fund (%)	99.4%	132.2%	29.1%	26.2%	22.8%

FINANCIAL REVIEW

Increase in revenue contribution from the Food Retail Division of

S$8.6m

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

Revenue

The Group achieved its highest revenue since listing of S$208.3 million in FY2019 compared to S$202.2 million in FY2018. The increase of S$6.1 million was mainly due to an increase in revenue contribution from the Food Retail Division of S$8.6 million, as a result of contribution from the restaurant business Tonkichi and confectionery business Rive Gauche that the Group acquired in July 2018. The increase was partially offset by a decrease in the revenue contribution from the Outlet Management Division of S$2.5 million, mainly due to the cessation of operation of a coffeeshop as the lease had expired and was not renewed.

Cost of Sales

In line with the higher revenue, cost of sales increased by S$5.6 million to S$167.6 million in FY2019. The increase can be mainly attributed to three factors set out below. Employee benefits expense for central kitchen and outlet/stall staff increased by S$2.8 million, due to increased wages per employee, as well as an increase in number of employees arising from the acquisition of Tonkichi and Rive Gauche in 4Q FY2018. Also, due to the addition of Tonkichi and Rive Gauche outlets, operating lease expense rose by S$1.3 million, offset by a decrease in rental from the cessation of operation of a coffeeshop due to an expired lease that was not renewed. Moreover, cost of goods increased by S$1.1 million in line with the higher revenue. Cost of sales as a percentage of revenue remained relatively constant at 80.5% in FY2019 as compared to 80.1% in FY2018.

Gross Profit

With higher revenue, gross profit rose 1.2% or S$0.5 million to S$40.7 million in FY2019. Gross profit margin remained relatively steady at 19.5% compared to 19.9% in FY2018.

Operating Expenses

Selling and distribution expenses increased by S$1.2 million due mainly to an increase in online food delivery fees, pest control services, and cleaning and packaging materials expenses, in line with the higher revenue.

Administrative expenses rose S$1.4 million from S$14.0 million in FY2018 to S$15.4 million in FY2019, due to higher employee benefits expenses by S$0.7 million as a result of increase in headcount and increased salary per employee, higher depreciation of property, plant and equipment by S$0.5 million, and an increase in repair and maintenance expenses of S$0.1 million.

Tax expense

Tax expense increased by S$0.7 million mainly due to a decrease in Partial Tax Exemption from Year of Assessment 2020, removal of Corporate Income Tax rebate as announced in Budget 2018 and the reversal of overprovision of tax expense of S$0.3 million in FY2018 (FY2019: Nil). Effective tax rate was 16.2% in FY2019 (FY2018: 12.7%).

Net Profit

In view of the above, the Group recorded a healthy net profit attributable to owners of the Company of S$20.1 million as compared to S$21.9 million in FY2018.

REVIEW OF THE GROUP'S FINANCIAL POSITION

The Group's financial position as at 30 September 2019 was healthy, with cash and cash equivalents of S$87.2 million.

The Group's total assets rose to S$121.0 million as at 30 September 2019 from S$115.6 million in the prior corresponding year.

Non-Current Assets

The Group's non-current assets decreased by S$0.8 million primarily due to a decrease in other receivables (non-current) of S$2.0 million, depreciation of property, plant and equipment and amortisation of intangible assets of S$3.1 million and S$0.6 million respectively. These were offset by an increase in intangible assets of S$2.4 million and additions in property, plant and equipment of S$2.5 million.

Intangible assets increased mainly due to a lease assignment fee of S$2.2 million paid to a previous landlord when the lease was transferred to the Group during 3Q FY2019, and additions to computer software of S$0.2 million.

The additions of property, plant and equipment of S$2.5 million are attributable to the upgrading work of the central kitchen, refurbishment, renovation and additions of equipments for existing coffeeshops, food courts and food stalls, and the purchase of motor vehicles and renewal of certificate of entitlement.

Other receivables (non-current) comprised the refundable deposits to rental deposits placed with lessors for the leases of coffeeshops, restaurants and confectionery shops which are due to expire in more than one year and recoverable upon termination or expiration of the leases, amounting to S$3.3 million (30 September 2018: S$5.3 million); the non-current portion of staff loans remained constant at S$0.2 million as at 30 September 2019 and 30 September 2018; and the balance consideration of S$2.6 million pursuant to the rescission of the acquisition of Asian Story Corporation Pte. Ltd.

Current Assets

Current assets increased by S$6.2 million mainly due to an increase in cash and cash equivalents by S$15.5 million; an increase in prepayments by S$1.4 million due to option fees paid in relation to the acquisition of a coffeeshop property located at 143 Teck Whye Lane; and an increase in inventory by S$0.1 million, partially offset by a decrease in trade and other receivables by S$10.9 million.

The increase in cash and cash equivalents was mainly due to cash generated from operating activities of S$36.4 million which was offset by purchase of property, plant and equipment and intangible assets of S$2.7 million and S$2.4 million respectively; purchase of treasury shares of S$1.5 million; and payment of dividends of S$14.3 million.

The decrease in trade and other receivables was mainly due to repayments of S$13.4 million from the balance consideration of the Rescission as announced in the Company's announcements dated 29 November 2018 and 8 January 2019. This was offset by an increase in current portion of refundable deposits by S$2.7 million; and an increase in trade receivables of S$0.2 million in line with the increase in revenue.

Current Liabilities

Total liabilities as at 30 September 2019 stood at S$33.1 million, a relatively small increase from S$32.0 million a year earlier.

Current liabilities increased by S$1.4 million, mainly attributable to an increase in trade payables and other payables by S$0.2 million in line with the increase in cost of sales; an increase in other liabilities by S$0.5 million mainly due to the increase in accrued payroll expenses; an increase in tax payable by S$0.4 million; and an increase in current portion of provision for restoration cost of S$0.2 million.

Non-current Liabilities

The Group's non-current liabilities decreased by S$0.3 million, mainly due to a decrease in non-current portion of the provision for restoration costs.

STATEMENT OF CASH FLOW

The Group generated net cash of S$36.4 million from operating activities in FY2019. This was mainly due to operating cash flows before changes in working capital of S$26.0 million, net working capital inflows of S$12.8 million, and interest income received of S$1.0 million, offset by income tax paid of S$3.4 million. The net working capital inflows of S$12.8 million were due to a decrease in trade and other receivables by S$13.5 million, an increase in trade and other payables by S$0.7 million, and increase in other liabilities of S$0.5 million, partially offset by an increase in prepayment and inventories by S$1.8 million and S$0.1 million respectively.

Net cash flows used in investing activities amounted to S$5.1 million in FY2019, mainly due to purchase of property, plant and equipment and intangible assets of S$2.7 million and S$2.4 million respectively.

Net cash flows used in financing activities of S$15.8 million during FY2019 were mainly attributable to payment of dividends of S$14.3 million and purchase of treasury shares of S$1.5 million.

As a result, net cash and cash equivalents increased by S$15.5 million in FY2019.

CORPORATE INFORMATION

REGISTERED OFFICE

13 Woodlands Link
Singapore 738725
Tel: (65) 6289 1605
Fax: (65) 6280 1605

WEBSITE

www.kimlygroup.sg

BOARD OF DIRECTORS

Mr Lim Hee Liat
Executive Chairman

Mr Chia Cher Khiang
Executive Director
(Chief Executive Officer or equivalent)

Ms Wong Kok Yoong
Finance Director

Mr Ter Kim Cheu
Lead Independent Director

Mr Wee Tian Chwee Jeffrey
Independent Director

Mr Lim Teck Chai Danny
Independent Director

Mr Lau Chin Huat
Independent Director

AUDIT COMMITTEE

Mr Wee Tian Chwee Jeffrey (Chairman)
Mr Lim Teck Chai Danny
Mr Ter Kim Cheu
Mr Lau Chin Huat

NOMINATING COMMITTEE

Mr Ter Kim Cheu (Chairman)
Mr Lim Teck Chai Danny
Mr Lim Hee Liat

REMUNERATION COMMITTEE

Mr Lim Teck Chai Danny (Chairman)
Mr Wee Tian Chwee Jeffrey
Mr Ter Kim Cheu

SPONSOR

PrimePartners Corporate
Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

INDEPENDENT AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-in-charge: Tan Swee Ho
(since financial year ended
30 September 2016)

SHARE REGISTRAR

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

COMPANY SECRETARY

Hoon Chi Tern (LLB (Hons))

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Kimly Limited (the "**Company**") is committed to achieving and maintaining a high standard of corporate governance within the Company and its subsidiaries (the "**Group**") in complying with the Code of Corporate Governance 2012 (the "**Code**") which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**").

The Group firmly believes that good corporate governance establishes and cultivates a legal and ethical environment that is essential to the sustainability of the Group's business and performance, which helps to preserve and enhance shareholders' interests.

This report sets out the corporate governance framework and practices of the Company that were in place during the financial year ended 30 September 2019 ("**FY2019**") with reference to the specific principles and guidelines of the Code including deviation from any guideline of the Code together with appropriate explanation for such deviation as well as the disclosure guide developed by the SGX-ST in January 2015.

This report should be read in totality, instead of being read separately under each principle of the Code.

The Board noted the revised Code of Corporate Governance issued on 6 August 2018 ("**2018 Code**"), which is only effective from the Company's financial year commencing 1 October 2019, and will endeavour to comply with the 2018 Code in the Company's annual report in the next financial year.

(A) BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board of Directors (the "Board")

The Board is collectively responsible for the stewardship of the Group and is primarily responsible for the preservation and enhancement of long-term value and returns for the shareholders. The Board oversees the management of the Group's business and affairs, provides overall strategy and direction, monitors the performance of the management.

In addition, the Board is directly responsible for decision making in respect of the following matters:

- provide entrepreneurial leadership, approve the business strategies including significant acquisitions and disposals of subsidiaries or assets and liabilities;
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are adhered to;
- approve the annual budgets, major funding proposals, significant capital expenditures and investment and divestment proposals;
- approve the release of the Group's quarterly and full year's financial results and interested person transactions;

- oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy and effectiveness of internal controls, as may be recommended by the Audit Committee ("**AC**"), including safeguarding of shareholders' interests and the Company's assets;

- review the performance of the management, approve the nominees to the Board and the appointment of Key Management Personnel (herein defined), as may be recommended by the Nominating Committee ("**NC**");

- review and endorse the framework of remuneration for the Board and Key Management Personnel (herein defined), as may be recommended by the Remuneration Committee ("**RC**"); and

- review and endorse corporate policies in keeping with good corporate governance and business practices; and consider sustainability issues, e.g. environmental, social and governance factors, as part of the strategic formulation.

To effectively discharge its responsibilities in the interest of the Group, the Board has established and delegated certain functions to its various board committees, namely, the AC, the NC and the RC (collectively the "**Board Committees**"). These Board Committees function within their respective terms of reference ("**TORs**") and operating procedures which are reviewed on a regular basis.

All Directors exercise due diligence and independent judgment in making decisions objectively at all times as fiduciaries in the best interests of the Group. All the Board Committees are actively engaged and contribute in ensuring good corporate governance in the Company and within the Group.

The Board oversees the Group's sustainability reporting framework by monitoring the environment, social and governance issues that impact the Group's sustainability of its business. The Group's sustainability report for FY2019 can be found on the SGXNet.

Board Meetings and Meetings of Board Committees

The Board meets on a quarterly basis and where warranted by particular circumstances. Board meetings dates are normally fixed by the Directors well in advance. The Company's Constitution (the "**Constitution**") allow for meetings to be conducted by way of telephone and video conferencing if necessary.

The number of meetings held by the Board and Board Committees, and attendance during FY2019 are as follows:

Directors	**Board**		**AC**		**NC**		**RC**	
	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended
Lim Hee Liat	6	4	5	3[1]	3	1	2	1[1]
Chia Cher Khiang	6	5	5	4[1]	3	3[1]	2	2[1]
Wong Kok Yoong	6	6[1][2]	5	5[1]	3	3[1]	2	2[1]
Ter Kim Cheu	6	6	5	5	3	3	2	2
Wee Tian Chwee Jeffrey	6	6	5	5	3	3[1]	2	2
Lim Teck Chai Danny	6	6	5	5	3	3	2	2
Lau Chin Huat[3]	6	N.A.	5	N.A.	3	N.A.	N.A.	N.A.

Note:

(1) Attended as invitees.

(2) Ms Wong Kok Yoong was appointed as Finance Director on 29 November 2018. Ms Wong attended the Board and Board Committees meetings as an invitee before her appointment as Finance Director.

(3) Mr Lau Chin Huat was appointed as Independent Director on 1 October 2019.

Board approval

The Group has in place, financial authorisation limits for matters such as operating and capital expenditure, credit lines, acquisitions and disposal of assets and investments, which require the approval of the Board.

During the year, the Board has met to review and approve amongst other matters, the quarterly and full year results announcements prior to their release on the SGXNET, the Group's corporate strategies, major investments, review of the Group's financial performance, interested person transactions, recommendation of dividends, the approval of Directors' Statement, etc.

Training of Directors

All Directors possess years of corporate experience and are familiar with their duties and responsibilities as Directors. Upon the appointment of a Director, he/she will receive a formal letter setting out his/her key responsibilities and obligations as a member of the Board. In addition, newly appointed Directors are briefed by the Executive Chairman, Executive Director, the Finance Director/ Chief Financial Officer and/or management of the Company on the business activities of the Group and its strategic directions, as well as his/her duties as a Director.

The Directors are also provided with briefings by professionals at Board meetings or at separate sessions on regulatory changes and updates which have a material impact on the Company and the Directors' obligations to the Company. Directors are also provided with updates in relevant areas such as new laws and regulations, Directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements.

The Company welcomes Directors to seek explanations or clarifications from and/or request for informal discussions with the management on any aspect of the Group's operations or business issues.

The Company is responsible for arranging and funding the training for new and existing Directors. The scope of such continuous updates also extends to include overview and developments in industry trends, governance practices and regulatory requirements pertaining to the business. Where necessary, a first-time Director who has no prior experience as a Director of a listed company will be provided with training in areas such as accounting, legal and industry-specific knowledge as appropriate, as well as required by the Rules of Catalist. Mr Lau Chin Huat had undertaken to attend the required trainings within a year of his appointment.

Existing Directors are encouraged to undergo continual professional development during the term of their appointment. Courses attended by the Directors in FY2019 included ACRA-SGX-SID Audit Committee Seminar 2019, SID Directors Conference 2019, IT Security Training for Board, Cyber Security for Directors, Cyber Security Trends Today/New Vectors of Attack, Regulatory Drivers and Responsibilities, Risk Management Effectiveness, Anti-money Laundering and Countering Financing of Terrorism, Corporate Governance Roundup 2019, AC Chapter Pit-Stop Series – Navigating Through a Financial Fraud Investigation and the 6th Annual Sustainability Forum for Hong Leong Group – "Climate Change & SDG: Challenges & Opportunities for Businesses".

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board comprises seven (7) Directors, of whom three (3) are Executive Directors and four (4) are Independent Directors, as set out below:

Executive Directors

Lim Hee Liat	(Executive Chairman)
Chia Cher Khiang	(Executive Director)
Wong Kok Yoong	(Finance Director) (Appointed on 29 November 2018)

Non-Executive Directors

Ter Kim Cheu	(Lead Independent Director)
Wee Tian Chwee Jeffrey	(Independent Director)
Lim Teck Chai Danny	(Independent Director)
Lau Chin Huat	(Independent Director) (Appointed on 1 October 2019)

In view that the Executive Chairman of the Board is part of the management team and is not independent, Independent Directors should make up at least half of the Board. Accordingly, the Board complied with Guideline 2.2 of the Code as a majority of the Board comprised Independent Directors.

The size and composition of the Board are reviewed on an annual basis by the NC to ensure that the size of the Board is optimal to facilitate effective deliberation and decision making. The NC is of the view that the current size of the Board is appropriate and effective, taking into account the nature and scope of the Group's operations and the requirements of its business.

Collectively, the current Board comprises Directors with diverse expertise and core competencies in areas such as accounting, legal, business and management, finance and risk management. The Directors' objective judgement on corporate affairs and their collective experience and in-depth knowledge allow for the effective exchange of ideas and perspectives.

The Board continues to examine its size and, with a view to determining the impact of its number upon effectiveness, decides on what it considers an appropriate size for itself.

Independence of Directors

For FY2019, the Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to provision 2.1 of the 2018 Code and Rule 406(3)(d) of the Rules of Catalist ("**Revised Definition on Director's Independence**"). The NC has assessed and confirmed the independence of the four (4) Independent Directors based on the Revised Definition on Director's Independence and is satisfied that there is a strong and independent element on the Board, which enables the Board to exercise objective judgement on corporate matters independently, in particular, from the management. No individual or small groups of individuals dominate the Board's decision making process. The Independent Directors have also confirmed their independence in accordance with the Revised Definition on Director's Independence.

The NC also assessed and concluded that Mr Lim Teck Chai Danny, who is a partner of Rajah and Tann Singapore LLP ("**Rajah & Tann**"), is independent notwithstanding the relationship between the Company and Rajah & Tann which provides corporate secretarial services on a retainer basis and certain legal services to the Company. The total fees including ad-hoc services for FY2019 and aggregated over any financial year payable from the Company to Rajah & Tann did not exceed S$200,000 pursuant to Practice Guidance 2 of the 2018 Code.

Upon taking into account the NC's assessment, the Board considers all the Independent Directors of the Company to be independent in character and judgment and that there are no relationships which are likely to affect or could appear to affect the Directors' judgement. The Code requires the independence of any Director who has served on the Board for more than nine years to be rigorously reviewed. There are no Independent Directors who have served the Board for more than nine years.

There are no Directors who is deemed independent by the Board, notwithstanding the existence of a relationship that would otherwise deem him/her not to be independent.

The Independent Directors communicate regularly to discuss issues such as the Group's financial performance, corporate governance initiatives, Board processes, succession planning as well as leadership development and the remuneration of the Executive Directors.

Where necessary, the Company co-ordinates informal meetings for Independent Directors without the presence of the management to review matters such as Board effectiveness and Management's performance.

Board Diversity

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for Group, regardless of gender.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

	Number of Directors
Core Competencies	
• Accounting or finance	4
• Legal or corporate governance	2
• Relevant industry knowledge or experience	3

The NC annually reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board.

The NC is satisfied that the Board has the appropriate mix of expertise to lead and govern the Group effectively as the Directors are respected individuals drawn from a broad spectrum of expertise which enables them, in their collective wisdom, to contribute effectively and provide a balance of views at both Board and Board Committee meetings.

Each Director has been appointed based on his/her calibre and experience and is expected to bring his/her knowledge and experience in his/her field of expertise to contribute to the development of the Group's strategy and the performance of its business. The Board comprises 1 female and 6 male Directors with diverse backgrounds such as accounting, finance, legal and foods and beverages. Details of the Directors' academic and professional qualifications and other appointments are set out on pages 16 and 17 of this Annual Report.

The Non-Executive Directors are scheduled to meet regularly, and as warranted, in the absence of Key Management Personnel to discuss concerns or matters such as the effectiveness of the management. For FY2019, the Non-Executive Directors have met in the absence of the Management.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman of the Board and the Chief Executive Officer (or equivalent) are separate individuals.

The Chairman of the Board is Mr Lim Hee Liat. As the Executive Chairman, Mr Lim is responsible, among others, for the overall business strategy and development of the Group, the exercise of control over the quantity and quality aspects, as well as the timely flow of information between the management and the Board. Mr Lim also sets the agenda for Board meetings.

The Chief Executive Officer (or equivalent) being the Executive Director, Mr Chia Cher Khiang, who with the Management are responsible for the operational, commercial and financial management as well as charting the business development and expansion of the Group.

There is also a balance of power and authority in view that the Board Committees are chaired by the Independent Directors. The Board has appointed Mr Ter Kim Cheu as the Lead Independent Director to be available to shareholders where they have concerns relating to matters that contact through the Chairman, CEO and Finance Director has failed to resolve, or where such contact is inappropriate, and to coordinate any meetings among the Independent Directors. The Independent Directors have met without the presence of the management or Executive Directors for informal discussion in FY2019.

The Board believes that there are adequate safeguards in place to ensure that no one individual represents a considerable concentration of power. The separation of roles and clear division of responsibilities between Mr Lim Hee Liat and Mr Chia Cher Khiang ensures a balance of power and increased accountability.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The NC comprises three (3) Directors, two (2) of whom, including the NC Chairman, are Independent Directors. The NC Chairman is also the Lead Independent Director of the Company:

Ter Kim Cheu (Chairman)
Lim Teck Chai Danny
Lim Hee Liat

The primary functions of the NC in accordance with its TORs are as follows, amongst others:

- To make recommendations to the Board on relevant matters relating to (i) the review of board succession plans for Directors, in particular, the Executive Chairman and the Chief Executive Officer (or equivalent), (ii) the development of a process of evaluation of the performance of the Board, the Board committees and Directors, (iii) the review of training and professional development programs for the Board and (iv) the appointment and re-appointment/re-election of Directors (including alternate Directors, if applicable) (including appointments and re-appointments to Board committees).

- To review and determine annually, and as and when circumstances require, if a Director is independent, in accordance with the Revised Definition on Director's Independence, and any other salient factors.

- To review the composition of the Board annually to ensure that the Board and the Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge.

- Where a Director has multiple board representations, to decide whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration, *inter alia*, the Director's number of listed company board representation and other principal commitments.

- To make recommendations to the Board on the development of a process for evaluation and performance of the Board, its Board committees and Directors. In this regard, the NC will decide how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term shareholder value.

- To implement a process for assessing the effectiveness of the Board as a whole and the Board committees and for assessing the contribution of the Chairman of the Board and each individual Director to the effectiveness of the Board and each Board committee on which he sits.

- To review and approve any employment of all managerial staff and employees who are related to any of the Directors, substantial shareholders or the Executive Directors of the Company and the proposed terms of their employment.

- In respect of re-nominations of Directors who are retiring by rotation for re-election by shareholders, to have regard to the Director's contribution and performance (e.g. his attendance, preparedness, participation and candour) including, if applicable, as an Independent Director.

- If necessary, to set up internal guidelines to address the competing time commitments that is faced when Directors serve on multiple boards.

- To assume such other duties (if any) that may be assigned to a nominating committee of a Singapore-listed company under the Code.

- To review the statements made in the annual report relating to the Company's policies on selection, nomination and evaluation of Board members in its annual report with a view to achieving clear disclosure of the same.

Process for re-election of Directors

As a matter of corporate governance, the Directors submit themselves for re-nomination and re-election at regular intervals. Under the Constitution, each Director shall retire from office at least once every three (3) years and a retiring Director shall be eligible for re-election.

In assessing whether the Director should be recommended for re-election, the NC would assess the performance of the Director in accordance with the performance criteria set by the Board; review the annual evaluations done by the Board, Board Committees and individual Directors; and assess the current needs of the Board.

Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-election of the Director to the Board for its consideration and approval.

Each member of the NC abstains from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolution, in respect of the assessment of his re-nomination as a Director of the Company.

After assessing the Directors' contribution and performance, the NC has recommended Mr Wee Tian Chwee Jeffrey who is retiring by rotation under Regulation 112 of the Constitution at the Company's forthcoming AGM, to be re-elected as Director of the Company. Mr Ter Kim Cheu who is also subject to retirement under Regulation 112 of the Company's Constitution has indicated his intention not to seek re-election at the forthcoming AGM. Upon his retirement at the conclusion of the forthcoming AGM, Mr Ter Kim Cheu will cease as the Lead Independent Director of the Company, the Chairman of the NC, a member of the AC and the RC. Mr Lim Teck Chai Danny shall be appointed as the Lead Independent Director and Mr Lau Chin Huat shall be appointed as the Chairman of the Nominating Committee and a member of the Remuneration Committee of the Company in place of Mr Ter. Subsequent to Mr Ter's cessation, independent directors would comprise half the Board. The Board notes that the 2018 Code require independent directors to make up a majority of the Board when the Chairman is not independent. As such, the Company is in the midst of identifying an independent director, and would update on a timely basis. The NC has also recommended Mr Lau Chin Huat who is retiring under Regulation 116 of the Constitution at the Company's forthcoming AGM, to be re-elected as a Director of the Company. Mr Wee Tian Chwee Jeffrey and Mr Lau Chin Huat do not have any relationships including immediate family relationships with the other Directors, the Company or the Company's Substantial Shareholders.

If re-elected as a Director of the Company:

- Mr Wee Tian Chwee Jeffrey will remain as an Independent Director of the Company, the Chairman of the AC and a member of the RC; and

- Mr Lau Chin Huat will remain as an Independent Director of the Company and a member of the AC.

CORPORATE GOVERNANCE REPORT

Mr Wee Tian Chwee Jeffrey and Mr Lau Chin Huat will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist. The requirements under Rule 720(5) of the Rules of Catalist are stipulated in the table below:

Name of person	**Wee Tian Chwee Jeffrey**	**Lau Chin Huat**
Date of Initial Appointment	15 February 2017	1 October 2019
Date of last re-appointment/re-election (if applicable)	23 January 2018	N.A.
Age	70	60
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	After assessing Mr Wee Tian Chwee Jeffrey's contribution and performance, the NC has recommended that he be re-elected as Director of the Company. Mr Wee had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.	After assessing Mr Lau Chin Huat's qualifications and work experience, the NC has recommended that he be re-elected as Director of the Company. Mr Lau had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive.	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director	Independent Director
Professional qualifications	Member of the Institute of Singapore Chartered Accountants and a fellow member of The Association of Chartered Certified Accountants	Member of the CPA Australia and a fellow member of The Institute of Singapore Chartered Accountants
Working experience and occupation(s) during the past 10 years	Professional experience includes the audit of diverse companies ranging from small and medium-sized enterprises to Singapore Listed Companies and multinational corporations. He also worked for Metal Box Singapore Limited as Chief Accountant prior to practice as a public accountant at T. C. Wee & Co., which he established since 1981.	Founder of Lau Chin Huat & Co, an accounting firm set up in 1986. Prior to setting up his practice, he was an employee of an international firm of public accountants and consultants.

Name of person	Wee Tian Chwee Jeffrey	Lau Chin Huat
Shareholding interest in the listed issuer and its subsidiaries	Nil	Please refer to Directors' Statement, Directors' interests in shares or debentures on page 52 of the annual report
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer (Yes/No)	Yes	Yes
Other Principal Commitments* Including Directorship# *"Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8) Past (for the last 5 years)	<u>Present</u> T.C. Wee & Co. <u>Past</u> Nil	<u>Present</u> Technic Inter-Asia Pte Ltd, Adagio International Pte. Ltd., Altigen Communications Pte. Ltd., Enterprise Showroom Pte. Ltd., Enterprise 1 Pte. Ltd., Bedok Lake Pte. Ltd., Verde 3 Pte. Ltd., Northstar One Pte. Ltd., North Face Pte. Ltd., One Commonwealth Pte. Ltd., E-Management Owner, Lau Chin Huat & Co <u>Past</u> Nil

With respect to item (j)(i) of Appendix 7F of the Catalist Rules, except for the ongoing investigations involving Kimly Limited as announced by the Company, none of Mr Wee Tian Chwee Jeffrey or Mr Lau Chin Huat has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere.

Save as disclosed above, the Company confirms that the response to the declaration for the items (a) to (k) of Appendix 7F of the Catalist Rules concerning the Directors to be re-elected is a "no".

Directors' time commitments and multiple directorships

The NC has not set a limit to the number of directorships that a Director may hold. The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

The considerations in assessing the capacity of the Directors include expected and/or competing time commitments of the Directors, competencies of Directors, size and composition of the Board, capacity, complexity and expectations of the other listed directorships and principal commitments held and nature and scope of the Group's operations and size.

The NC monitors and determines annually whether Directors who have multiple board representations and other principal commitments are able to give sufficient time and attention to the affairs of the Company and adequately carry out his duties as a Director of the Company. The NC is satisfied that in FY2019, sufficient time and attention are being given by the Directors to the affairs of the Company and the Group, despite some of the Directors having multiple board representations.

The NC will assess periodically to ensure that despite the multiple board representations and other principal commitments, the Directors can continue to meet the demands of the Group and are able to discharge their duties adequately.

Selection and appointment of new Directors

The NC, in consultation with the Board, would identify the current needs of the Board in terms of skill/experience/knowledge to complement and strengthen the Board and increase its diversity. In its search and nomination process for new Directors, the NC could consider, personal contacts, candidates proposed by the Directors, key management personnel or substantial shareholders or engaging external search consultants, to shortlist any potential suitable candidates. Some of the selection criteria could include integrity, diversity, ability to commit time and attention to the Board. Subsequent to the interview of the shortlisted candidates, NC would recommend the selected candidate to the Board for consideration and approval.

The Board has not appointed any alternate directors, as recommended under Guideline 4.5 of the Code.

Key information on the Directors is set out below:

Name of Directors	Position	Date of first appointment as a Director	Date of last re-election as a Director	Present directorships or chairmanships in other listed companies as at 30 September 2019	Past directorships or chairmanships held over the preceding three years in other listed companies as at 30 September 2019	Other principal commitments	Due for re-election at the AGM
Lim Hee Liat	Executive Chairman	23 May 2016	30 January 2019	None	None	Patron of Taman Jurong Community Club Management Committee	N.A
Chia Cher Khiang	Executive Director	3 February 2017	23 January 2018	None	None	None	N.A
Wong Kok Yoong	Finance Director	29 November 2018	30 January 2019	None	None	None	N.A
Ter Kim Cheu	Lead Independent Director	15 February 2017	23 January 2018	Hong Leong Finance Limited	None	None	Retirement (Regulation 112)
Wee Tian Chwee Jeffrey	Independent Director	15 February 2017	23 January 2018	None	None	None	Retirement (Regulation 112)
Lim Teck Chai Danny	Independent Director	15 February 2017	30 January 2019	UG Healthcare Corporation Limited Stamford Land Corporation Limited Choo Chiang Holdings Ltd.	China Star Food Group Limited Sincap Group Limited Deskera Holdings Ltd TEE Land Limited	Partner of Rajah & Tann Singapore LLP	N.A.
Lau Chin Huat	Independent Director	1 October 2019	N.A	None	None	None	Retirement (Regulation 116)

Note

Details of Directors' credentials including working experience, academic and professional qualifications, shareholding in the Company and its related corporations and directorships can be found in the Board of Directors, Corporate Governance Report and the Directors' Statement sections of the annual report.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC reviews the Board's performance evaluation criteria and proposes to the Board a set of objective performance criteria that allows for comparison with industry peers and assess how long-term shareholder value is enhanced. Based on the recommendations of the NC, the Board has established processes for assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board.

Currently, the Board does not assess the performance at the Board Committees separately. The Board is of the view that given the Board's size, cohesiveness of Board members and attendance of Directors at Board Committees' meetings, there is no value-add in having assessments at each Board Committee. However, for FY2019, the assessment of the Board Committees' performance had been incorporated into the Board's performance evaluation, and the Board is satisfied that the Board Committees have adequately satisfied their duties and responsibilities, with such responsibilities of the Board Committees are properly outlined and the Board Committees are suitably empowered to discharge its responsibilities in an effective and timely fashion. Notwithstanding this, the Board would be conducting separate assessments of its Board Committees on an annual basis from the next financial year.

The performance criteria set to evaluate the effectiveness of the Board as a whole, Board Committees and individual Directors includes (i) size and composition; (ii) access to information; (iii) risk management; (iv) commitment of time; and (v) knowledge and abilities. The NC did not propose any changes to the performance criteria for FY2019 as compared to the previous financial year as the economic climate, Board composition, the Group's principal business activities remained the same since FY2018.

As disclosed in the Message to Shareholders, following a review of the F&B landscape and internal functions, the Group has launched a recalibration of strategy to transition from asset-light to obtaining more direct asset ownership of the food outlets. As such, the proposed diversification of the Group's business to include the Outlet Investment Business is tabled for shareholders' approval at the Extraordinary General Meeting on 21 January 2020. The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Outlet Investment Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

For FY2019, the NC had conducted the assessment via a questionnaire which is completed by each Director for the evaluation of the Board. Each Director also completed a self-assessment form to assess each Director's contributions to the Board's effectiveness. The Company Secretary compiles Directors' responses into a consolidated summary report which was discussed at the NC meeting with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

No external facilitator was used in the evaluation process.

The deliberations at the NC meeting would be tabled to the Board for approval. The Executive Chairman would act on the results of the performance evaluation, and, in consultation with the NC, propose where appropriate, new members to be appointed to the Board and/or seek the resignation of Directors.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance. The Board as a whole, its Board Committees and each individual Director has met its performance objectives.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To assist the Board in fulfilling its responsibilities, the management provides the Board with Board papers, updates to the Group's operations and the markets in which the Group operates in, budgets, consolidated management accounts (with financial ratio analysis), internal auditors and external auditors' reports. All Board and Board Committee papers are distributed to Directors in advance to allow sufficient time for Directors to prepare for the meetings. All Directors have separate and independent access to the management, including the Company Secretary, at all times.

The Company Secretary and/or his representative attends all scheduled meetings of the Company and prepares the minutes of meetings. He is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with.

The appointment and the removal of the Company Secretary is subject to the Board's approval.

Changes to regulations are closely monitored by the management and where such changes have an important bearing on the Company or the Directors' disclosure obligations, the Directors are briefed during Board meetings.

The Directors and the Chairmen of the respective Board Committees, whether as a group or individually, are able to seek independent professional advice as and when necessary in furtherance of their duties, at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The RC comprises entirely Independent Directors:

Lim Teck Chai Danny (Chairman)
Wee Tian Chwee Jeffrey
Ter Kim Cheu

The members of the RC are equipped with many years of corporate experience and are knowledgeable in the field of executive compensation. The RC has access to expert professional advice on remuneration matters as and when necessary.

The responsibilities of the RC in accordance with its TORs include the following, amongst others:

- To review and recommend to the Board, in consultation with the Chairman of the Board, for the endorsement of the entire Board, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and such other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**");

- To review and recommend to the Board, for the endorsement of the entire Board, specific remuneration packages for each Director and Key Management Personnel;

- To approve performance targets for assessing the performance of each Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board;

- To periodically consider and review remuneration packages in order to maintain attractiveness, retain and motivate Directors to provide good stewardship of the Company and Key Management Personnel to successfully manage the Company, and to align the level and structure of remuneration with the long-term interests and risk policies of the Company;

- To review the specific remuneration packages of all managerial staff and employees who are related to any of the Directors or substantial shareholders to ensure that their remuneration packages are in line with the Company's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities and to review and approve any bonuses, pay increases and/or promotions for these managerial staff and employees;

- To cover all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind (including the review and approval of the design of all share option plans, performance share plans and/or other equity based plans and benefits in kind);

- To review the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance;

- In setting remuneration packages, the RC shall take into consideration the following and such other factors as may be specified in the Code from time to time:

  (i) The general principle is that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) Key Management Personnel to successfully manage the Company. However, the Company should avoid paying more than is necessary for this purpose;

  (ii) A significant and appropriate proportion of Executive Directors' and Key Management Personnel's remuneration should be structured so as to link rewards to corporate and individual performance;

  (iii) Such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the Company. It should take account of the risk policies of the Company, be symmetric with risk outcomes and be sensitive to the time horizon of risks. There should be appropriate and meaningful measures for the purpose of assessing Executive Directors' and Key Management Personnel's performance;

  (iv) Long-term incentive schemes, including share schemes, are generally encouraged for Executive Directors and Key Management Personnel. The RC should review whether Executive Directors and Key Management Personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive Directors and Key Management Personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any costs of acquisition and associated tax liability;

  (v) The remuneration of Non-Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised;

  (vi) The Company is encouraged to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company; and

  (vii) To assume such other duties (if any) that may be assigned to a remuneration committee of a Singapore-listed company under the Code.

The RC reviews the remuneration framework which covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC also reviews the Group's obligations arising in the event of termination of the Executive Directors and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No external remuneration consultant was engaged to advise on remuneration matters for FY2019. No Director is involved in determining his/her own remuneration.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

In determining remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies.

In setting the remuneration packages of the Executive Directors, the Company takes into account the performance of the Group and that of the Executive Directors.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and Key Management Personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. The Executive Directors owe a fiduciary duty to the Company. The Company avails itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The remuneration of the Company's Directors and Key Management Personnel has been formulated to attract, retain and motivate these executives to run the Company successfully. The level and structure of remuneration are aligned with the long-term interests and risk policies of the Company.

The Company adopts a remuneration policy for employees comprising a fixed component and a variable component. The fixed component is in the form of a base salary. The variable component is in the form of a variable bonus that is linked to the performance of the Company and the individual. The remuneration policy is aligned with the interests of the shareholders and promotes long-term success of the Group. No remuneration consultants were engaged by the Company in FY2019.

The Company adopted the following share incentive schemes on 15 February 2017 to provide eligible participants (including Executive Directors and Independent Directors) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty:

1. An employee share options scheme known as the "Kimly Share Option Scheme" ("**ESOS**"); and

2. A share scheme known as the "Kimly Performance Share Plan" (the "**PSP**").

collectively, the "**Kimly Share Incentive Schemes**".

The Kimly Share Incentive Schemes are administered by the RC. During the financial year, the Company has granted 153,000 awards under the PSP. As at 30 September 2019, these awards were not released. Please refer to Note 9 on page [86] of the Annual Report for further details. As at to-date, no options have been granted under the ESOS.

Kimly Share Incentive Schemes

Under the rules of the ESOS and PSP, Directors and full-time Group employees who have attained the age of 21 years and hold such rank as may be designated by RC from time to time are eligible to participate in the Kimly Share Incentive Schemes, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditor.

Controlling shareholders or associate of such controlling shareholders who meet the criteria above are eligible to participate in the Kimly Share Incentive Schemes if their participation and the terms of Options or Awards to be granted are approved by independent shareholders in separate resolutions for each such person and for each such Option or Award.

ESOS

The aggregate number of shares over which RC may grant options under the ESOS, when aggregated with the number of shares over which options or awards are granted under any other share option schemes or share plan of the Company, shall not exceed 15% of the total number of all issued shares (excluding subsidiary holdings as defined in the Rules of Catalist and treasury shares) from time to time. In relation to controlling shareholders or associate of controlling shareholders, the aggregate number of shares which may be granted to such persons shall not exceed 25% of the total number of shares available under the ESOS and the aggregate number of shares which may be granted to any individual controlling shareholders or associate of controlling shareholder shall not exceed 10% of the total number of shares available under the ESOS.

The options that are granted under the ESOS may have exercise prices that are, at the RC's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for the shares on the Official List of Catalist over the five consecutive Market Days immediately preceding the relevant date of grant of the relevant option; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the option. Options granted under the ESOS will expire upon the tenth anniversary of the date of grant of that option.

The ESOS shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

PSP

The aggregate number of shares which may be issued or transferred pursuant to Awards granted under the PSP, when aggregated with the aggregate number of shares over which options are granted under any other share option schemes of the Company, shall not exceed 15% of the total number of issued shares (excluding subsidiary holdings as defined in the Rules of Catalist and treasury shares) from time to time.

While the RC has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. Subject to the applicable laws, the Company will deliver shares to participants upon vesting of their Awards by way of either (i) an issue of new shares; or (ii) a transfer of shares then held by the Company in treasury. In determining whether to issue new shares to participants upon vesting of their Awards, the Company will take into account factors such as, but not limited to, the number of shares to be delivered, the prevailing market price of the shares and the cost to the Company of issuing new shares or delivering existing shares.

The PSP shall continue in force at the discretion of the RC, subject to a maximum period of 10 years commencing on the date on which the PSP is adopted by the Company in general meeting, provided always that the PSP may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required. Notwithstanding the expiry or termination of the PSP, any Awards made to participants prior to such expiry or termination will continue to remain valid.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The annual reviews of compensation are carried out by the RC to ensure that the remuneration of the Executive Directors and Key Management Personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (together with other Key Management Personnel) is reviewed annually by the RC and the Board.

The Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as efforts and time spent, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive and thereby maximise shareholders' value. Directors' fees are recommended by the Board for approval at the Company's AGM.

Executive Directors do not receive Directors' fees but are remunerated as members of the management. Service contracts for Executive Directors are for a fixed appointment period and do not contain onerous removal clauses. Please refer to pages 164 to 166 of the Offer Documents for further details.

The remuneration received by the Executive Directors and Key Management Personnel comprises a fixed component and a performance-related variable component. The fixed component is in the form of a base salary. The variable component is in the form of a bonus and depends on the Group's results and individual performance, takes into consideration his or her individual performance and contribution towards the profit before taxation of the Group for FY2019. A breakdown of the remuneration of the Directors and the Key Management Personnel (who are not also Directors or the Chief Executive Officer (or equivalent)) for FY2019 is set out below:

Remuneration of the Directors

Remuneration band and names	Base/fixed salary %	Variable or performance- related income/ bonus[1] %	Director's fees[2] %	Total
Between S$750,001 to S$1,000,000				
Lim Hee Liat	43.8	56.2	–	100
Between S$500,001 to S$750,000				
Chia Cher Khiang	55.7	44.3	–	100
Between S$250,000 to S$500,000				
Wong Kok Yoong	82.8	17.2	–	100
Below S$250,000				
Ter Kim Cheu	–	–	100	100
Wee Tian Chwee Jeffrey	–	–	100	100
Lim Teck Chai Danny	–	–	100	100
Lau Chin Huat[3]	–	–	–	–

[1] The amounts are under the service contracts. Under the service contracts, Mr Lim Hee Liat and Mr Chia Cher Khiang are also entitled to fixed bonus and a performance bonus (the "Performance Bonus") in respect of each financial year, which is calculated based on the Group's consolidated profit before tax ("PBT") (before deducting for such Performance Bonus). Please refer to pages 164 to 166 of the Company's offer document dated 8 March 2017 for more information.

[2] The Directors' fees are subject to the approval of the shareholders at the AGM to be held on 21 January 2020.

[3] Mr Lau Chin Huat was appointed as the Independent Director of the Company on 1 October 2019.

Remuneration of Key Management Personnel [1] (who are not also Directors or the Chief Executive Officer (or equivalent))

Remuneration band and names of Key Management Personnel[1] (who are not also Directors or the Chief Executive Officer (or equivalent))	Base/fixed salary %	Variable or performance related income/ Bonus %	Total
Below S$250,000			
Peh Kim Leong Sunny	91.3	8.7	100
Tan Chong Sing	84.8	15.2	100

[1] Notwithstanding guidelines 9.1 and 9.3 of the Code, as the Company only has two (2) Key Management Personnel who are not a Director or the Chief Executive Officer (or equivalent), disclosure was only made in respect of the remuneration of these two Key Management Personnel.

There are no termination, retirement, post-employment benefits that may be granted to the Directors and the Key Management Personnel.

Remuneration of employee related to Director

There is no person in the Company who is related to Director of the Company.

Although the Code recommends full disclosure in aggregate to the nearest thousand dollars of the total remuneration paid to each individual Director and the Chief Executive Officer (or equivalent) on a named basis as well as the aggregate remuneration paid to the top five key management personnel (who are not Directors or the Chief Executive Officer), the Board is of the opinion that it is not in the best interests of the Company to disclose the exact details of their remuneration due to the competitiveness of the industry for key talent. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Directors and key management personnel and that such information would be sufficient to the shareholders for their understanding of the Company's compensation policies.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavours to ensure that the annual audited financial statements and quarterly announcements of the Group's financial statements present a balanced and understandable assessment of the Group's performance, position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financials and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

The Board takes steps to ensure compliance with legislative and regulatory requirements.

The management provides the Board with management accounts of the Group's performance, position and prospect on a regular basis, and as the Board may require from time to time, to enable the Board to make a balanced and informed assessment of the Company's position.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets, and to manage risks.

Management is responsible to the Board for the design, implementation, and monitoring of the Group's risk management and internal control systems and to provide the Board with a basis to determine the Group's level of risk tolerance and risk policies.

The Company's internal auditors conduct an annual review of the key Group's material internal controls. The Company's internal auditors review in respect of revenue and cash management, procurement, tenancy management, IT general controls; financial close process, human resource and payroll was thereafter presented their findings to the AC.

As part of the external audit plan, the external auditors also reviewed and reported certain key accounting controls relating to financial reporting, covering only selected financial cycles and highlight material findings, if any, to the AC. The AC and the Board review the findings of both the internal and external auditors and the effectiveness of the actions taken by the management on the recommendations made by the internal and external auditors in this respect.

The Board and the AC have received written assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer/Finance Director that:

(a) the financial records of the Group have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's financial condition, cash flows and finances;

(b) the risk management and internal control systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks; and

(c) there was no other matter that they are aware which would lead them to believe that the financial statements are false and misleading or that the systems of internal controls are inadequate or ineffective.

The Board and the AC note that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board and the AC wish to highlight that no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

The Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective for FY2019.

The bases for the Board's view are as follows:

(a) assurance has been received from the Chief Executive Officer (or equivalent) and the Chief Financial Officer/Finance Director;

(b) an internal audit has been done by the internal auditors and significant matters highlighted to the AC and Key Management Personnel were appropriately addressed;

(c) Key Management Personnel regularly evaluates, monitors and reports to the AC on material risks;

(d) discussions were held between the AC and auditors in the absence of the Key Management Personnel to review and address any potential concerns; and

(e) the Group has put in place whistle-blowing procedures by which employees may report and raise any concerns on possible wrongdoings in good faith and in confidence. All concerns can be reported to the AC directly. AC will assess whether action or review is required.

The Company is gradually placing emphasis on sustainability, as disclosed in our sustainability report, and is implementing appropriate policies and programmes when the opportunities arise.

Financial risks relating to the Group are set out in Note 29 to the financial statements of this annual report on pages 113 to 118.

Audit Committee ("AC")

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises entirely Independent Directors:

Wee Tian Chwee Jeffrey (Chairman)
Ter Kim Cheu
Lim Teck Chai Danny
Lau Chin Huat

The AC, *inter alia*, oversees the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Group.

The Board is of the view that the AC members are appropriately qualified to discharge their responsibilities. The Board is satisfied that the AC Chairman possesses recent and relevant accounting or related financial management expertise and experience.

The AC comprises members who are experienced in finance, legal and business fields. None of the members nor the AC Chairman are former partners or directors of the Group's existing auditing firm within the last twelve months nor does any of them has any financial interests in the said auditing firm.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal controls.

For the year under review, the AC held five (5) meetings with the management and the external auditors, all of which the internal auditors were present to discuss and review the following matters in accordance with its TORs, amongst others:

- Review the relevance and consistency of the accounting standards, the significant financial reporting issues, recommendations and judgements made by the external auditors so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

- Review and report to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operation, compliance and information technology risks;

- Review the effectiveness and adequacy of the Group's internal audit function;

- Review the scope and results of the external audit, and the independence and objectivity of the external auditors;

- Make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;

- Review the system of internal controls and management of financial risks with the internal auditors and the external auditors;

- Review the co-operation given by the management to the external auditors and internal auditors, where applicable;

- Review the Group's compliance with such functions and duties as may be required under the relevant statutes or the Rules of Catalist, including such amendments made thereto from time to time;

- Review and approve any interested person transactions;

- Review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;

- Review the risk management framework, with a view to providing an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, announced immediately via SGXNET;

- Investigate any matters within its terms of reference;

- Review the policy and arrangements by which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow-up; and

- Undertake such other functions and duties as may be required by statute or the Rules of Catalist, and by such amendments made thereto from time to time.

In performing its functions, the AC:

- met once with the external auditors and internal auditors, without the presence of the Company's management, and reviewed the overall scope of the external audit, the internal audit and the assistance given by the management to the auditors for FY2019;

- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources and personnel to enable it to discharge its function properly; and

- has full access to and cooperation of the management and full discretion to invite any Director or Key Management Personnel to attend its meetings.

The external and internal auditors have unrestricted access to the AC.

The AC has undertaken a review of the services, scope, independence and objectivity of the external auditors. Messrs Ernst & Young LLP, the external auditors of the Company, has confirmed that they are a public accounting firm registered with the Accounting and Corporate Regulatory Authority and has provided a confirmation of their independence to the AC. Having assessed the external auditors based on factors such as performance and quality of their audit partners and auditing team, their overall qualification and their independence status, the AC is satisfied that Rule 712 of the Rules of Catalist has been complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM. The Company has also complied with Rule 715 of the Rules of Catalist in relation to its auditing firms.

Independence of Auditors

The AC has undertaken a review of all the non-audit services provided by the external auditors during FY2019. The AC is satisfied that the non-audit services would not, in the AC's opinion, affect the independence of the external auditors. Details of the fees paid to the external auditors for FY2019 are disclosed under Note 8 on page 85 of the Annual Report. The AC has recommended to the Board the re-appointment of Ernst & Young LLP as the external auditors of the Company at the forthcoming AGM.

Whistle Blowing Policy

The Company has in place a whistle-blowing policy endorsed by the AC, by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters with the AC. The objective for such arrangement is to ensure independent investigation of such matters and the appropriate follow-up action. Details of the Company's whistle-blowing policy can be found on the corporate website at www.kimlygroup.sg.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Group's internal audit function is outsourced to RSM Risk Advisory Pte Ltd ("**RSM**"), a professional accounting firm which assists the Group to review the adequacy of internal controls in its financial and operational systems and to provide recommendations to strengthen any weaknesses in its internal controls. RSM reports to the AC on audit matters and reports administratively to the management.

For FY2019, the AC had reviewed and is satisfied that the internal audit function is independent, effective with appropriate standing and RSM has adequate resources to perform its functions effectively and objectively as required under Rule 1204(10C) of the Rules of Catalist. The AC is also satisfied that RSM is staffed with audit professionals with relevant qualifications and experience.

An annual review of the outsourced internal audit function is carried out. The AC ensures, among others, the adequacy and effectiveness of the internal audit function by examining the internal audit firm's performance, resources, its audit plans and scope of work and that the internal audit function is carried out according to standards set by international recognised professional bodies.

(D) COMMUNICATION WITH SHAREHOLDER

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

The Company strongly encourages shareholder participation during the AGM which will be held in a convenient location in Singapore. Shareholders are able to proactively engage the Board and the management on the Group's business activities, financial performance and other business related matters.

A shareholder who is not a "relevant intermediary" is entitled to appoint not more than two proxies during his absence, to attend and vote in his stead at general meetings. Shareholders who are "relevant intermediaries" such as banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund, are entitled to appoint more than two proxies to attend and vote at general meetings.

Shareholders are encouraged to attend the AGM to ensure a greater level of shareholders' participation and for them to be kept up to date with the strategies and goals of the Group. All shareholders of the Company receive a copy of the Annual Report, the notice of AGM and circular and notice pertaining to any extraordinary general meetings of the Company.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Quarterly results are published through the SGXNET, news releases and the Company's website. All information of the Company's new initiatives will first be disseminated via SGXNET followed by a news release, which is also available on the corporate website at www.kimlygroup.sg.

The Company has in place an investor relation policy, to promote regular, effective and fair communication. The Company held numerous investor briefings during FY2019 to meet with institutional and retail investors. The Company has engaged an external investor relations firm, WeR1 Consultants Pte Ltd to assist the Company in its investor relations initiatives.

The Company does not practice selective disclosure. Price sensitive information is publicly released and financial statements and annual reports are announced or issued within the mandatory period and are available on the Company's website. The notice of AGM is also advertised in the newspapers.

The Company does not have a fixed dividend policy. However, the Directors intend to recommend and distribute dividends of not less than 50.0% of the Group's net profit attributable to shareholders as stated in the Offer Document. The Company may declare an annual dividend with the approval of the shareholders in a general meeting, but the amount of such dividend shall not exceed the amount recommended by the Board. The Board may also declare an interim dividend without the approval of the shareholders. For FY2019, the Company had paid an interim dividend of 0.56 Singapore cent and is recommending a final dividend of 0.84 Singapore cent to be approved at the forthcoming AGM. The total amount of dividends declared, if the final dividend is approved by shareholders in the coming general meeting, in respect of FY2019 is approximately S$16.1 million which represents 80.2% of the Group's net profit attributable to shareholders in FY2019.

Conduct of Shareholders' Meetings

Principle 16: Company should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company welcomes the views and/or comments of the shareholders on matters concerning the Company and encourages shareholders' participation at AGMs. The chairmen of the AC, the NC and the RC of the Company will be present at the general meetings to answer questions from the shareholders. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders.

Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting.

The Company does not implement absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary, with the assistance of his representative(s), prepares minutes of shareholders' meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the management. These minutes are available to shareholders upon their request.

Each resolution at shareholders' meetings is put to vote by poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are immediately presented and announced after each meeting.

(E) DEALINGS IN SECURITIES

The Company has issued a guideline on share dealings to its Directors and officers (including employees with access to price sensitive information on the Company's shares) of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on such dealings.

In line with Rule 1204(19) of the Rules of Catalist, the Company issues a notification to its Directors and Officers of the Company informing them that they should not deal in the securities of the Company during the periods commencing one month before the announcement of the Company's full-year financial statements and two weeks before the Company's quarterly financial statements until after the announcement. They are also discouraged from dealing in the Company's shares on short term considerations.

The Board confirms that for FY2019, the Company, its Directors and Officers have complied with Rule 1204(19) of the Rules of Catalist.

(F) INTERESTED PERSON TRANSACTIONS

In connection with the IPO, the Group had obtained a general mandate from Shareholders for interested person transactions ("**IPT**") disclosed in pages 147 to 153 of the Offer Document. The general mandate for IPT has been renewed at the Extraordinary General Meeting held on 30 January 2019.

The amounts owing by the Group to Mr Lim Hee Liat and Mr Chia Cher Khiang as at 30 September 2019 amounted to S$3,919,000 and S$146,000 respectively. Please refer to Material Contracts on page 50 of the annual report for further details.

On 24 September 2019, the Company's wholly-owned subsidiary, Jin Wei Food Holdings Pte. Ltd., acquired 100% of the issued and fully-paid ordinary shares in the capital of Teck Whye 143 Food House Pte. Ltd. ("**TW143**") from Mr Lim Hee Liat for a purchase consideration of S$10,000 ("**Consideration**") (the "**Acquisition**").

The value at risk of the Acquisition is the aggregate amount of the Consideration and the loan in connection with TW143's acquisition of coffee shop property amounting to S$1,954,600, which represents 2.3% of the audited net tangible assets of the Group as at 30 September 2018. The Acquisition was completed on 1 November 2019. Please refer to the announcements dated 24 September 2019 and 1 November 2019.

Save as disclosed, there were no IPTs exceeding S$100,000 for FY2019.

(G) USE OF IPO PROCEEDS

As at the date of this Annual Report, the status on the use of the IPO net proceeds is as follows:

	Amount allocated as stated in offer document $'000	**Amount utilised $'000**	**Balance of net proceeds $'000**
Acquisitions and joint ventures and general business expansion (including establishment of new food outlets)	30,363	(16,445)	13,918
Balance Consideration pursuant to Rescission^	–	(2,600)	(2,600)
Refurbishment and renovation of existing food outlets	3,000	(1,816)	1,184
Headquarters/Central Kitchen upgrading	5,000	(2,151)	2,849
Productivity initiatives/IT	2,000	(1,491)	509
Listing expenses	3,087	(3,087)	–
Total	**43,450**	**(27,590)**	**15,860**

^ On 29 November 2018, the Company has rescinded ab initio its acquisition of Asian Story Corporation Pte. Ltd. ("ASC") ("Rescission"). Pursuant to the Rescission, out of the S$16.0 million consideration previously paid to the vendor for the acquisition of ASC, S$13.4 million has been repaid by the vendor and the Balance Consideration of S$2.6 million is to be repaid over 3 years from 29 November 2018. The Company has substituted its security over the Share Charge and Assignment in respect of the balance amount of S$2.6 million over certain quoted equity securities held by the vendor aggregating to S$2.1 million based on quoted prices as at 16 December 2019.

The above utilisations are in accordance with the intended use of IPO net proceeds, as stated in the Company's Offer Document.

(H) MATERIAL CONTRACTS

As at 30 September 2019, the amounts owing by the Group to Mr Lim Hee Liat and Mr Chia Cher Khiang amounted to S$3,919,000 and S$146,000 respectively. These loans are interest free with no security, and has no fixed repayment terms. However, the repayment will be subject to review and approval by the Audit Committee, taking into account the financial position of the Group (including but not limited to the Group's cash flows).

Except as disclosed above and in Note 10 (Related Party Transactions) of the notes to the financial statements, there were no other material contracts of the Company and its subsidiaries involving the interests of each Director or controlling shareholder (including the Executive Director), either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

(I) NON-SPONSOR FEES

No non-sponsor fees were paid to the Company's sponsor PrimePartners Corporate Finance Pte. Ltd. for FY2019.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Kimly Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company 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 30 September 2019 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

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

2. DIRECTORS

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

Lim Hee Liat	
Chia Cher Khiang	
Ter Kim Cheu	
Wee Tian Chwee Jeffrey	
Lim Teck Chai Danny	
Wong Kok Yoong	(appointed on 29 November 2018)
Lau Chin Huat	(appointed on 1 October 2019)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Except as described in paragraph five below, 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 or debentures of the Company or any other body corporate.

4. DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At 21 October 2019**	**At the beginning of financial year**	**At the end of financial year**	**At 21 October 2019**
Ordinary shares of the Company						
Lim Hee Liat	449,915,165	489,915,165	489,915,165	40,000,000*	–	–
Chia Cher Khiang	14,513,391	14,513,391	14,513,391	2,960,000^	2,960,000^	2,960,000^
Lim Teck Chai Danny	–	–	–	–	422,000**	422,000**
Lau Chin Huat	–	–	1,280,000^^	–	–	–

* This represents Mr Lim Hee Liat's direct interest held in the name of Raffles Nominees (Pte) Limited.

^ Mr Chia Cher Khiang is deemed to have an interest in the shares which his spouse holds or has an interest in.

** This represents Mr Lim Teck Chai Danny's direct interest held in the name of iFAST Financial Pte Ltd.

^^ Mr Lau Chin Huat was appointed as Director on 1 October 2019.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Lim Hee Liat is deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

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

5. SHARE OPTIONS AND AWARDS

On 15 February 2017, the Company adopted the Kimly Employee Share Option Scheme and Kimly Performance Share Plan for the granting of non-transferable share options and awards, respectively. These options and awards are settled by the physical delivery of the ordinary shares of the Company to eligible participants (including Executive Directors and Independent Directors).

The Kimly Employee Share Option Scheme and Kimly Performance Share Plan are administrated by the Remuneration Committee of the Company.

During the financial year, the Company has granted 153,000 share awards under the Kimly Performance Share Plan. As at 30 September 2019, these share awards were not released. The share awards expire on 15 July 2022, and are vested over three years from the date of grant if the employees remains in service and that certain key performance indicators are fulfilled as detailed in Note 9 of the financial statements.

Since the commencement of the Kimly Employee Share Option Scheme till the end of the financial year, no option has been granted.

6. AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act, Chapter 50. The functions performed are detailed in the Corporate Governance Report.

7. AUDITOR

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors,

Lim Hee Liat
Director

Chia Cher Khiang
Director

23 December 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Kimly Limited
For the financial year ended 30 September 2019

Report on the audit of the financial statements

OPINION

We have audited the financial statements of Kimly Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the statements of financial position of the Group and the Company as at 30 September 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income 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.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Completeness of revenue

For the financial year ended 30 September 2019, the Group's revenue from sale of food, beverages and tobacco products amounted to $171,523,000, which accounted for 82% of the Group's revenue. Revenue from the sale of food, beverages and tobacco products is recognised based on actual cash receipts from customers, and is transacted via a large volume of low-value cash transactions. Given the large volume of cash transactions and as cash is susceptible to theft and pilferage, we have focused on the completeness of cash and the corresponding revenue as a key audit matter.

KEY AUDIT MATTERS (CONT'D)

Completeness of revenue (Cont'd)

As part of our audit, we evaluated the design and tested the operating effectiveness of key internal controls surrounding cash sales to assess if sales are appropriately recorded. This included reviewing management's assessment of monthly outlet operating margins for completeness of revenue recorded, testing the physical safeguards over cash on hand, and the recognition of revenue based on cash receipts. We also performed sales cut-off procedures through cash cut-off testing to evaluate the completeness of revenue recorded for all outlets as at 30 September 2019. Furthermore, we assessed the adequacy of the disclosures related to total revenue and cash on hand in Note 4 and Note 19 respectively.

Recoverability of consideration receivable pursuant to Rescission

As stated in Note 17, as at 30 September 2019, the Company has $2,600,000 of receivable due from the Vendor of Asian Story Corporation Pte. Ltd. ("ASC") pursuant to the Deed of Rescission entered into between the Company and the Vendor on mutually agreed terms to rescind the acquisition of ASC on 29 November 2018 (the "Rescission").

The balance of $2,600,000 (the "Balance Consideration") will be due on 29 November 2020 and 29 November 2021 in instalments of $1,300,000 each year. The Balance Consideration is partially secured by a share charge over certain quoted equity securities held by the Vendor (the "Pledged Shares") aggregating to $2,001,000 based on quoted prices together with any distribution derive from the Pledged Shares aggregating to $78,000 as at 30 September 2019. Given the magnitude of the Balance Consideration, we identified the recoverability of this consideration receivable to be a key audit matter.

As part of our audit, we read the Deed of Rescission to obtain an understanding of the key terms of the transaction and verified repayments received as stated in Note 17. We ascertained the ownership and total market value of the Pledged Shares against the Vendor's account statement held with The Central Depository, and verified the completeness and existence of distributions derived from the Pledged Shares as at 30 September 2019. We also verified the Pledged Shares to the share charge documents and distributions derived from the Pledged Shares to-date. Furthermore, we assessed the adequacy of the disclosures related to the consideration receivable pursuant to Rescission in Note 17 respectively.

Acquisition of Rive Gauche Patisserie and Tonkichi ("RT Group")

On 16 July 2018, the Group acquired the two businesses under the "Tonkichi" and "Rive Gauche" brands for a total cash consideration of $1,820,000.

The acquisition of the RT Group was accounted for using the acquisition method. The Group finalised its Purchase Price Allocation ("PPA") exercise as disclosed in Note 15 of the financial statements. Given the quantitative materiality of this acquisition and the significant management judgement involved in the identification and valuation of intangible assets, we considered the accounting for the acquisition to be a key audit matter.

Our audit procedures included, amongst others, reading the sale and purchase agreement to obtain an understanding of the key terms. An important element of our audit relates to the management's identification of the acquired assets, ascertaining the respective fair values based on valuation models and estimating the residual goodwill. We involved our internal specialists in reviewing the valuation methodologies used by management in the valuation of acquired assets and liabilities. We assessed the nature and basis of the valuation adjustments and whether the assumptions used in valuing the acquired intangible assets were consistent with what a market participant would use. We have also assessed the adequacy and appropriateness of the disclosures in the financial statements in Note 14 of the financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Swee Ho.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

23 December 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

	Note	2019 $'000	2018 $'000
Revenue	4	208,299	202,213
Cost of sales		(167,612)	(162,026)
Gross profit		40,687	40,187
Other items of income			
Finance Income	6	1,583	645
Other operating income	5	2,903	2,972
Other items of expense			
Selling and distribution expenses		(5,258)	(4,022)
Administrative expenses		(15,384)	(13,973)
Finance costs	6	(4)	(156)
Other operating expenses	7	(584)	(584)
Profit before tax	8	23,943	25,069
Income tax expense	11	(3,890)	(3,186)
Profit for the year, representing total comprehensive income for the year and attributable to owners of the Company		20,053	21,883
Earnings per share (cents per share)			
- Basic and diluted	12	1.74	1.89

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF
OF FINANCIAL POSITION

As at 30 September 2019

(Amounts in Singapore Dollars)

		Group			Company		
	Note	**30.9.2019 $'000**	**30.9.2018 $'000 (Restated)**	**1.10.2017 $'000**	**30.9.2019 $'000**	**30.9.2018 $'000**	**1.10.2017 $'000**
Assets							
Non-current assets							
Property, plant and equipment	13	9,724	10,326	8,541	–	–	–
Intangible assets	14	5,961	4,152	1,305	–	–	–
Investment in subsidiaries	15	–	–	–	238,997	238,997	238,997
Deferred tax assets	16	354	292	333	–	–	–
Other receivables	17	6,072	8,110	4,563	2,600	2,600	–
		22,111	22,880	14,742	241,597	241,597	238,997
Current assets							
Trade and other receivables	17	8,409	19,281	4,974	9,963	23,703	5,756
Inventories	18	1,129	1,015	1,113	–	–	–
Prepayments		2,199	778	291	10	10	10
Cash and cash equivalents	19	87,189	71,669	85,079	55,369	38,473	45,690
		98,926	92,743	91,457	65,342	62,186	51,456
Total assets		121,037	115,623	106,199	306,939	303,783	290,453
Current liabilities							
Trade and other payables	20	19,638	19,418	20,620	10,981	6,608	336
Other liabilities	21	7,619	7,126	7,151	1,011	984	926
Obligation under finance lease	22	27	26	–	–	–	–
Provision for restoration costs	23	496	272	180	–	–	–
Provision for taxation		3,900	3,473	3,126	38	10	–
		31,680	30,315	31,077	12,030	7,602	1,262
Net current assets		67,246	62,428	60,380	53,312	54,584	50,194
Non-current liabilities							
Obligation under finance lease	22	20	46	–	–	–	–
Deferred tax liabilities	16	367	254	357	–	–	–
Other payables	20	693	804	594	–	–	–
Provision for restoration costs	23	384	618	510	–	–	–
		1,464	1,722	1,461	–	–	–
Total liabilities		33,144	32,037	32,538	12,030	7,602	1,262
Net assets		87,893	83,586	73,661	294,909	296,181	289,191

STATEMENTS OF
OF FINANCIAL POSITION

As at 30 September 2019

(Amounts in Singapore Dollars)

		Group			Company		
	Note	30.9.2019 $'000	30.9.2018 $'000 (Restated)	1.10.2017 $'000	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Equity attributable to owners of the Company							
Share capital	24(a)	287,141	287,141	287,141	287,141	287,141	287,141
Treasury shares	24(b)	(2,334)	(843)	–	(2,334)	(843)	–
Share-based compensation reserve	24(c)	34	–	–	34	–	–
Other reserves	25	(120,123)	(120,123)	(120,123)	–	–	–
Premium paid on acquisition of non-controlling interests		(113,030)	(113,030)	(113,030)	–	–	–
Retained earnings		36,205	30,441	19,673	10,068	9,883	2,050
Total equity		87,893	83,586	73,661	294,909	296,181	289,191
Total equity and liabilities		121,037	115,623	106,199	306,939	303,783	290,453

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

		Attributable to owners of the Company						
	Note	Share capital (Note 24a)	Treasury shares (Note 24b)	Share-based compensation reserve (Note 24c)	Other reserves (Note 25)	Premium paid on acquisition of non-controlling interests	Retained earnings	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 October 2018		287,141	(843)	–	(120,123)	(113,030)	30,441	83,586
Profit for the year, representing total comprehensive income for the year		–	–	–	–	–	20,053	20,053
<u>Contributions by and distributions to owners</u>								
Dividends on ordinary shares	31	–	–	–	–	–	(14,289)	(14,289)
Purchase of treasury shares		–	(1,491)	–	–	–	–	(1,491)
Share-based payment expenses (Kimly Performance Share Plan)		–	–	34	–	–	–	34
Total contributions by and distributions to owners		–	(1,491)	34	–	–	(14,289)	(15,746)
At 30 September 2019		287,141	(2,334)	34	(120,123)	(113,030)	36,205	87,893

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

		Attributable to owners of the Company					
	Note	Share capital (Note 24a) $'000	Treasury shares (Note 24b) $'000	Other reserves (Note 25) $'000	Premium paid on acquisition of non-controlling interests $'000	Retained earnings $'000	Total equity $'000
Group							
At 1 October 2017		287,141	–	(120,123)	(113,030)	19,673	73,661
Profit for the year, representing total comprehensive income for the year		–	–	–	–	21,883	21,883
Contributions by and distributions to owners							
Dividends on ordinary shares	31	–	–	–	–	(11,115)	(11,115)
Purchase of treasury shares		–	(843)	–	–	–	(843)
Total contributions by and distributions to owners		–	(843)	–	–	(11,115)	(11,958)
At 30 September 2018		287,141	(843)	(120,123)	(113,030)	30,441	83,586

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

	Note	Share Capital (Note 24a)	Treasury shares (Note 24b)	Share-based compensation reserve (Note 24c)	Retained earnings	Total
		$'000	$'000	$'000	$'000	$'000
Company						
At 1 October 2018		287,141	(843)	–	9,883	296,181
Profit for the year, representing total comprehensive income for the year		–	–	–	14,474	14,474
Contributions by and distributions to owners						
Dividends on ordinary shares	31	–	–	–	(14,289)	(14,289)
Purchase of treasury shares		–	(1,491)	–	–	(1,491)
Share-based payment expenses (Kimly Performance Share Plan)		–	–	34	–	34
At 30 September 2019		287,141	(2,334)	34	10,068	294,909

	Note	Share Capital (Note 24a)	Treasury shares (Note 24b)	Retained earnings	Total
		$'000	$'000	$'000	$'000
At 1 October 2017		287,141	–	2,050	289,191
Profit for the year, representing total comprehensive income for the year		–	–	18,948	18,948
Contributions by and distributions to owners					
Dividends on ordinary shares	31	–	–	(11,115)	(11,115)
Purchase of treasury shares		–	(843)	–	(843)
At 30 September 2018		287,141	(843)	9,883	296,181

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

	Note	2019 $'000	2018 $'000
Operating activities			
Profit before tax		23,943	25,069
Adjustments for:			
Interest (income)/expense arising from the discount implicit in non-current receivables	6	(455)	155
Interest expense on the obligation under finance lease	6	4	1
Interest income on short-term deposits		(1,128)	(645)
Gain on disposal of property, plant and equipment		(9)	–
Depreciation of property, plant and equipment	13	3,056	2,526
Amortisation of intangible assets	14	573	335
Write-off of property, plant and equipment	13	10	248
Share-based payments (Kimly Performance Share Plan)		34	–
Total adjustments		2,085	2,620
Operating cash flows before changes in working capital		26,028	27,689
Changes in working capital			
Decrease/(increase) in trade and other receivables		13,458	(17,766)
(Increase)/decrease in inventories		(114)	202
Increase in prepayments		(1,770)	(488)
Increase/(decrease) in trade and other payables		718	(127)
Increase/(decrease) in other liabilities		492	(24)
Total changes in working capital		12,784	(18,203)
Cash flows from operations		38,812	9,486
Interest received		1,034	663
Interest paid		(4)	(1)
Income taxes paid		(3,412)	(2,913)
Net cash flows generated from operating activities		36,430	7,235
Investing activities			
Purchase of property, plant and equipment	A	(2,695)	(4,322)
Purchase of intangible assets	B	(2,438)	(2,537)
Proceeds from disposal of property, plant and equipment		28	–
Net cash outflow on acquisition of businesses	15	–	(1,820)
Net cash flows used in investing activities		(5,105)	(8,679)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 September 2019

(Amounts in Singapore Dollars)

	Note	2019 $'000	2018 $'000
Financing activities			
Repayment of obligation under finance lease		(25)	(8)
Purchase of treasury shares	24(b)	(1,491)	(843)
Dividends paid on ordinary shares	31	(14,289)	(11,115)
Net cash flows used in financing activities		(15,805)	(11,966)
Net increase/(decrease) in cash and cash equivalents		15,520	(13,410)
Cash and cash equivalents at 1 October		71,669	85,079
Cash and cash equivalents at 30 September	19	87,189	71,669

Notes to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2019 $'000	2018 $'000
Current year additions to property, plant and equipment	13	2,483	3,872
Less:			
Reversal of/(provision for) restoration costs	23	10	(200)
Obligation under finance lease		–	(80)
Increase in prepayments		(349)	–
Decrease in other payables		551	730
Net cash outflow for purchase of property, plant and equipment		2,695	4,322

B. Intangible assets

	Note	2019 $'000	2018 $'000
Current year additions to intangible assets	14	2,382	2,405
Less:			
Decrease in other payables		56	132
Net cash outflow for purchase of intangible assets		2,438	2,537

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2019

1. CORPORATE INFORMATION

1.1 The Company

Kimly Limited (the "Company") was incorporated on 23 May 2016 under the Companies Act and domiciled in Singapore. On 3 February 2017, the Company was converted into a public company limited by shares and changed its name from Kimly Pte. Ltd. to Kimly Limited. The Company was listed on the Catalist Board of Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 March 2017.

The registered office and principal place of business of the Company is located at 13 Woodlands Link, Singapore 738725.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

For all periods up to and including the year ended 30 September 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("FRS"). These financial statements for the year ended 30 September 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The consolidated financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000") except when otherwise indicated.

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))

These financial statements for the year ended 30 September 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 30 September 2019, together with the comparative period data for the year ended 30 September 2018, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 October 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 October 2018 is disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

Exemption 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 exemption:

- 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.

- The comparative does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

New accounting standards effective for annual financial periods on 1 October 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 October 2018. Except for the impact arising from the exemption applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 Financial Instruments

On 1 October 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 October 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied modified retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption, if any, was included in the opening retained earnings at the date of initial application, 1 October 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

<u>Classification and measurement</u>

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVPL"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (cont'd)

SFRS(I) 9 Financial Instruments (cont'd)

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 October 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 October 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9.

There is no significant impact arising from measurement of the instruments above under SFRS(I) 9. The initial application of SFRS(I) 9 does not have any reclassification effect on the financial statements of the Group and Company.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

The loss allowances on trade receivables arising from the adoption of SFRS(I) 9 did not have any material effect on the financial statements of the Group and the Company.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 October 2018.

The Group has applied SFRS(I) 15 retrospectively and has assessed that there was no material impact with the adoption of SFRS(I) 15.

The adoption of SFRS(I) including the application of new accounting standards did not have any material impact on the financial statements of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on statements of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 modified retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 October 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 October 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 October 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2020. On adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations and goodwill*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquire are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(c) *Business combinations involving businesses or entities under common control*

Business combinations involving businesses or entities under common control are accounted for by applying the pooling of interest method which involves the following:

- Assets, liabilities, reserves, revenue and expenses of consolidated business or entities are reflected at their existing amounts;
- The retained earnings recognised in the consolidated financial statements are the retained earnings of the combining entities or businesses immediately before the combination; and
- No additional goodwill is recognised as a result of the combination.

On 1 October 2016, the Group underwent a corporate reorganisation in preparation for its listing on the SGX-ST (the "Restructuring Exercise"). The Group acquired all of the issued and paid-up ordinary shares of its subsidiaries from non-controlling interests amounting to $8,204,000, which was satisfied through the issuance of 466,074,567 shares, amounting to $116,519,000. The difference between the fair value of the consideration shares and the carrying value of the additional interest acquired from the non-controlling interests has been recognised as "Premium paid on acquisition of non-controlling interests" within equity. The consideration for the acquisitions and Subsidiaries Acquisition were determined based on adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") for the period from 1 October 2015 to 30 September 2016 of the Relevant Business Assets and Relevant Subsidiaries acquired respectively (except for Kimly Food Holdings Pte. Ltd, which was based on revalued net asset value).

The above Restructuring Exercise is considered to be a business combination involving entities or businesses under common control and is accounted for by applying the pooling of interests method. Accordingly, the assets and liabilities of these businesses and entities transferred have been included in the consolidated financial statements at their carrying amounts. Although the Restructuring Exercise occurred on 1 October 2016, the consolidated financial statements present the financial position and financial performance as if the businesses has always been consolidated since the beginning of the earliest period presented.

The statement of comprehensive income reflects the results of the combining entities or businesses for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The Group's financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using the functional currency.

(a) *Transaction and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold building	30 years
Electrical and renovations	3 – 8 years
Equipment and fittings	3 – 8 years
Motor vehicles	5 – 10 years

Assets under construction are not depreciated as these assets are not yet available for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the vents and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Lease assignment fees

Intangible assets relate to lease assignment fees paid to the previous tenants of the Group's leased premises when the leases were transferred to the Group. These lease assignment fees were amortised on a straight-line basis over the remaining lease period of between 7 to 11 years.

Computer software

Computer software are initially capitalised at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Cost associated with maintaining the computer software are recognised as an expense when they incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the useful life of 3 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible assets (cont'd)

Trademarks

The trademarks were acquired in a business combinations. The useful lives of the trademarks are estimated to be indefinite because based on the current assessment, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses relating to goodwill cannot be reversed in future periods.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.12 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Government grants

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

2.17 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.12 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.19 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period. The liability for leave expected to be settled beyond twelve months from the end of the reporting period is determined using the projected unit credit method. The net total of service costs, net interest on the liability and remeasurement of the liability are recognised in profit or loss.

(c) *Employee share awards plan*

Employees of the Group receive remuneration in the form of share awards as consideration for services rendered. The cost of these equity-settled share based payment transactions with employees is measured by reference to the fair value of the share awards at the date on which the share awards are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense. The share-based compensation reserve is transferred to retained earnings upon expiry of the share awards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(b). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Revenue from sale of food, beverages and tobacco products*

Revenue is recognised when the food, beverages and tobacco products are delivered to the customer and all criteria for acceptance have been satisfied at a point in time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue (cont'd)

(b) *Rental income*

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(c) *Provision of cleaning and utilities services*

Revenue from provision of cleaning and utilities services to the tenants are recognised over the terms of the service agreement.

(d) *Outlet management fee*

Revenue from the rendering of outlet management services is recognised over time on a straight-line basis over the terms of the service agreements. Additional revenue from incentives when performance indicators are met is recognised in the period in which they are earned and when the amount can be measured reliably.

2.22 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business consolidation and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issuance expenses

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

2.25 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.26 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the consolidated financial statements:

Purchase price allocation

The Group has exercised significant judgement regarding the allocation of the purchase price to the assets and liabilities acquired for the respective cash generating units, including judgement made relating to the identification of the intangible assets and, key assumptions such as pre-tax discount rate, terminal growth rate, and royalty rate, fair value adjustments to the carrying amount of assets and liabilities of the acquired businesses, and the allocation of the resultant goodwill acquired during the purchase price allocation review.

3.2 Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Income taxes

The Group has exposure to income taxes in Singapore. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities, and deferred tax assets at the end of the reporting period was $3,900,000 (30.09.2018: $3,473,000; 1.10.2017: $3,126,000), $367,000 (30.09.2018: $254,000; 1.10.2017: $357,000), and $354,000 (30.09.2018: $292,000; 1.10.2017: $333,000) respectively.

4. REVENUE

	Group	
	2019	2018
	$'000	$'000
Sale of food, beverages and tobacco products	171,523	165,293
Fixed rental income from lease of premises to tenants	24,640	25,806
Contingent rental income from lease of premises to tenants	364	390
Provision of cleaning and utilities services	10,112	9,520
Outlet management fee	1,660	1,204
	208,299	202,213
Timing of transfer of goods or services		
At a point in time	171,523	165,293
Over time	36,776	36,920
	208,299	202,213

5. OTHER OPERATING INCOME

	Group	
	2019	2018
	$'000	$'000
Government grants:		
- Special Employment Credit	870	792
- Wage Credit Scheme	500	609
- Temporary Employment Credit	–	121
Sponsorships	1,043	936
Others	490	514
	2,903	2,972

Special Employment Credit

The Special Employment Credit ("SEC") was introduced as a 2011 Budget Initiative to support employers as well as to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers. It has been extended in Budget 2016 for three years from 2017 to 2019 to provide a wage-offset to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000.

Wage Credit Scheme

The Wage Credit Scheme ("WCS") was introduced as a 2013 Budget Initiative to help businesses which may face rising wage costs in a tight labour market. It was extended in Budget 2015 and 2018. Under this scheme, the Singapore Government will co-fund 20%, 15% and 10% of qualifying wage increases given to the Group's Singaporean employees earning a gross monthly wage of $4,000 and below in the years 2016 to 2018, 2019 and 2020 respectively.

Sponsorships

Income from sponsorships refer to marketing incentives received from suppliers over the sponsorship period.

6. FINANCE INCOME/(COSTS)

	Group	
	2019 $'000	2018 $'000
Finance Income		
Interest income from:		
- Short-term deposits	1,128	645
- Interest income arising from the discount implicit in non-current receivables	455	–
	1,583	645
Finance Costs		
Interest expense on:		
- Obligation under finance lease	(4)	(1)
- Interest expense arising from the discount implicit in non-current receivables	–	(155)
	(4)	(156)

7. OTHER OPERATING EXPENSES

	Note	Group	
		2019 $'000	2018 $'000
Amortisation of intangible assets	14	573	335
Write-off of property, plant and equipment	13	10	248
Others		1	1
		584	584

8. PROFIT BEFORE TAX

The following expense items have been included in arriving at profit before tax:

	Note	Group	
		2019 $'000	2018 $'000
Audit fees to auditors of the Company		307	339
Non-audit fees:			
- Auditor of the Company		94	–
- Other auditors		83	34
Depreciation of property, plant and equipment	13	3,056	2,526
Employee benefits expenses	9	57,458	53,725
Directors' fees		200	150
Fixed rental expense on operating leases	26(b)	37,867	36,806
Contingent rental expense on operating leases	26(b)	333	52
Cleaning charges		2,781	2,909
Utility charges		9,057	8,024
Packaging materials and other expendables		2,912	2,502
Repair and maintenance		2,208	2,183
Legal and other professional fees		821	731

9. EMPLOYEE BENEFITS EXPENSES

	Group	
	2019	2018
	$'000	$'000
Employee benefits expenses (including Executive Directors):		
- Salaries, bonuses and other costs	52,203	48,819
- Central Provident Fund contributions	3,338	3,147
- Other short-term benefits	1,867	1,759
- Share-based payments (Kimly Performance Share Plan)	50	–
	57,458	53,725

Other short-term benefits include staff allowances, housing benefits, training and other employee benefits.

Kimly Performance Share Plan

Under the Kimly Performance Share Plan, share awards are granted to the Operations Managers who can elect to receive up to 40% of the share awards in cash on grant date and the remaining in fully-paid shares of the Company. The share awards granted are dependent on achieving key performance indicators over the performance periods that are approved by the Remuneration Committee which includes the successful achievement of certain quantifiable performance condition or targets, such as sales, gross profit margin, occupancy rate target and profit before taxation. The Operations Managers must remain in service in order to vest the share awards from the date of the grant, which will be vested over 36 months as follows:

(i) 40% after 12 months;
(ii) 30% after 24 months; and
(iii) the final 30% after 36 months.

On termination of employment, all unvested options will be cancelled.

The expense recognised in profit or loss granted under Kimly Performance Share Plan during the financial year is $50,000 (2018: $Nil), and the carrying amount of the liability recognised in the Group's and the Company's balance sheets relating to such share awards at 30 September 2019 is $16,000 (2018: $Nil).

During the financial year, the Company granted 153,000 performance share awards. These share awards were not released as at 30 September 2019. There was no share award granted during the financial year ended 30 September 2018.

10. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2019	2018
	$'000	$'000
Rental paid to director-related companies	8,150	8,200
Purchase of beverages from a director-related company	–	428

(b) Commitments with related parties

The Group has entered into commercial leases with related parties in respect of retail outlet premises and all the leases do not contain an escalation clause. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases with related parties at the end of the reporting period are as follows:

	Group	
	2019	2018
	$'000	$'000
Not later than one year	8,150	8,150
Later than one year but not later than five years	270	8,420
	8,420	16,570

(c) Compensation of key management personnel

	Group	
	2019	2018
	$'000	$'000
Salaries, bonuses and other costs	2,001	1,844
Central Provident Fund contributions	87	66
	2,088	1,910
Comprise amounts paid to:		
Directors of the Company	1,718	1,478
Other key management personnel	370	432
	2,088	1,910

10. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Transaction with key management personnel

The transaction related to key management personnel in which the key management personnel has control is as follows:

		Group	
		2019	2018
		$'000	$'000
Related Party	**Transaction**	**Transactions during the year**	
Mr Lim Hee Liat	Purchase of leasehold property at 143 Teck Whye Lane #01-243 Singapore 680143	1,995	–

The aggregate amount of $1,955,000 paid to Teck Whye 143 Food House Pte. Ltd., a director-related company, includes the Option to Purchase and stamp duty for a leasehold property at 143 Teck Whye Lane #01-243 Singapore 680143. The amount is included in "Prepayment" in the consolidated statements of financial position as at 30 September 2019.

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 September 2019 and 2018 are:

	Group	
	2019	2018
	$'000	$'000
Current income tax		
- Current income taxation, representing total income tax expense recognised in profit or loss	3,765	3,425
- Under/(over) provision in respect of previous years	74	(166)
	3,839	3,259
Deferred income tax		
- Amortisation and reversal of temporary differences	51	59
- Over provision in respect of previous years	–	(132)
Income tax expense recognised in profit or loss	3,890	3,186

11. INCOME TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2019 and 2018 is as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Profit before tax	23,943	25,069
Tax at corporate tax rate of 17%	4,070	4,262
Adjustments:		
- Non-deductible expenses	324	467
- Income not subject to taxation	(27)	–
- Effect of partial tax exemption and tax relief	(572)	(1,243)
- Under/(over) provision in respect of previous years	74	(298)
- Others	21	(2)
Income tax expense recognised in profit or loss	3,890	3,186

12. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit for the year, net of tax, attributable to the owners of the Company by the number of ordinary shares.

	Group	
	2019	**2018**
Profit for the year attributable to owners of the Company ($'000)	20,053	21,883
Weighted average number of ordinary shares for basic earnings per share computation ('000)	1,153,685	1,157,272
Basic and diluted earnings per share (cents)	1.74	1.89

The diluted earnings per share are the same as the basic earnings per share as there were no outstanding dilutive shares for the financial years ended 30 September 2019 and 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building $'000	Electrical and renovations $'000	Equipment and fittings $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Group						
Cost						
At 1 October 2017	4,065	4,876	5,875	1,434	961	17,211
Acquisition of businesses	–	446	241	–	–	687
Additions	–	1,501	1,134	358	879	3,872
Transfer in/(out)	–	1,063	768	–	(1,831)	–
Written off	–	(671)	(141)	(38)	(9)	(859)
At 30 September 2018 and 1 October 2018	4,065	7,215	7,877	1,754	–	20,911
Additions	–	509	1,724	250	–	2,483
Transfer in/(out)	–	5	(5)	–	–	–
Disposals	–	(64)	(43)	–	–	(107)
Written off	–	(20)	(118)	–	–	(138)
At 30 September 2019	4,065	7,645	9,435	2,004	–	23,149
Accumulated depreciation						
At 1 October 2017	709	3,424	3,684	853	–	8,670
Depreciation charge for the year	176	940	1,225	185	–	2,526
Written off	–	(521)	(77)	(13)	–	(611)
At 30 September 2018 and 1 October 2018	885	3,843	4,832	1,025	–	10,585
Depreciation charge for the year	176	1,155	1,483	242	–	3,056
Disposals	–	(8)	(80)	–	–	(88)
Written off	–	(20)	(108)	–	–	(128)
At 30 September 2019	1,061	4,970	6,127	1,267	–	13,425
Net carrying amount						
At 30 September 2019	3,004	2,675	3,308	737	–	9,724
At 30 September 2018	3,180	3,372	3,045	729	–	10,326
At 1 October 2017	3,356	1,452	2,191	581	961	8,541

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Restoration costs

Included in the Group's carrying amount of electrical and renovations is $239,000 (30.09.2018: $333,000; 1.10.2017: $221,000) of provision for restoration costs.

Asset held under finance lease

During the financial year ended 30 September 2018, the Group acquired a motor vehicle with an aggregate cost of $167,000 by means of a finance lease. The carrying amount of the motor vehicle held under a finance lease at the end of the reporting period was $130,000 (30.09.2018: $158,000; 1.10.2017: $Nil).

The leased asset is pledged as security for the related finance lease liability.

14. INTANGIBLE ASSETS

	Goodwill $'000	Lease assignment fees $'000	Trademarks $'000	Computer software $'000	Total $'000
Group					
Cost					
At 1 October 2017	–	10,640	–	398	11,038
Acquisition of businesses (Note 15)	705	–	72	–	777
Additions	–	2,300	–	105	2,405
At 30 September 2018 and 1 October 2018 (Restated)	705	12,940	72	503	14,220
Additions	–	2,200	–	182	2,382
At 30 September 2019	705	15,140	72	685	16,602
Accumulated amortisation					
At 1 October 2017	–	9,725	–	8	9,733
Charge for the year	–	210	–	125	335
At 30 September 2018 and 1 October 2018	–	9,935	–	133	10,068
Charge for the year	–	405	–	168	573
At 30 September 2019	–	10,340	–	301	10,641
Net carrying amount					
At 30 September 2019	705	4,800	72	384	5,961
At 30 September 2018 (Restated)	705	3,005	72	370	4,152
At 1 October 2017	–	915	–	390	1,305

14. INTANGIBLE ASSETS (CONT'D)

Lease assignment fees

Intangible assets relate to lease assignment fees paid to the previous tenants of the Group's leased premises when the leases were transferred to the Group.

Trademarks

The trademarks were acquired in a business combination. The useful lives of the trademarks are estimated to be indefinite because based on the current assessment, management believes there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

Computer software

Computer software are initially capitalised at cost, which includes the purchase price and other directly attributable cost of preparing the asset for its intended use. Cost associated with maintaining the computer software are recognised as an expense when they incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the useful life of 3 years.

Amortisation expense

The amortisation of intangible assets is included in the "Other operating expense" in the consolidated statements of comprehensive income.

Impairment testing of goodwill and trademarks

Goodwill is derived from the excess of purchase consideration over the fair value of the identifiable net assets acquired. Goodwill arising from business combinations and trademarks have been allocated to two cash-generating units ("CGUs") for impairment testing as follows:

- Tonkichi
- Rive Gauche

The carrying amounts of goodwill and trademarks allocated to each CGU are as follows:

	Tonkichi			Rive Gauche			Total		
	30.9.19	30.9.18 (Restated)	1.10.17	30.9.19	30.9.18 (Restated)	1.10.17	30.9.19	30.9.18 (Restated)	1.10.17
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	36	36	–	669	669	–	705	705	–
Trademarks	36	36	–	36	36	–	72	72	–

14. INTANGIBLE ASSETS (CONT'D)

The recoverable amounts of the CGUs have been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are as follows:

	Tonkichi			Rive Gauche		
	30.9.19	**30.9.18**	**1.10.17**	**30.9.19**	**30.9.18**	**1.10.17**
Pre-tax discount rates	10%	10%	–	10%	10%	–
Growth rates	1%	1%	–	1%	1%	–

Key assumptions used in the value in use calculations

The calculations of value-in-use for both the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved since the Group acquired the respective businesses. These are increased over the budget period for anticipated efficiency improvements and cost saving measures through leveraging on Group synergy.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Sensitivity to changes in assumptions

With regards to the assessment of the value-in-use, management believes that the carrying amounts of goodwill and trademark allocated to Tonkichi, and trademark allocated to Rive Gauche is not material to the Group.

With regards to the assessment of value-in-use for goodwill of Rive Gauche, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

15. INVESTMENTS IN SUBSIDIARIES

	Company		
	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000
Unquoted equity shares, at cost	122,478	122,478	122,478
Issuance of shares for acquisition of non-controlling interests in subsidiaries	116,519	116,519	116,519
	238,997	238,997	238,997

Composition of the Group

The Group has the following investments in subsidiaries as at the financial years ended 30 September:

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest		
			30.9.19	30.9.18	1.10.17
Held by the Company:					
Kimly Food Holdings Pte. Ltd. [a]	Singapore	Manufacture of cooked food preparations	100	100	100
Chodee Food Holdings Pte. Ltd. [a]	Singapore	Provision of management services	100	100	100
LHL Group Pte. Ltd. [a]	Singapore	Provision of management services	100	100	100
Jin Wei Food Holdings Pte. Ltd. (formerly known as Causeway Food House Pte. Ltd.) [a]	Singapore	Letting and operating of coffee shop	100	100	100
Kimly Food Products Pte. Ltd. [a]	Singapore	Operating of restaurant and confectionary shop	100	100	100
Held through Kimly Food Holdings Pte. Ltd.					
Kimly Makan Place Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Kimly MVR Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly Seafood Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Held through Chodee Food Holdings Pte. Ltd.					
Kimly Dim Sum Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Held through Jin Wei Food Holdings Pte. Ltd.					
Choh Dee (TW143) Food House Pte. Ltd. [a]	Singapore	Letting and operating of coffee shop	100	–	–

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 30.9.19	30.9.18	1.10.17
Held through Kimly Makan Place Pte. Ltd.					
881 Hougang Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
147 Serangoon Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
BN123 Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Chai Chee 29 Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Choh Dee Place (163A) Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Choh Dee Place (346A) Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Gourmet Express Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Jurong West 651 Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Park (E) Crescent Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Park Reservoir Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
PP146 Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Sengkang 266 Food House Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Tampines West Food Court Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
CDP Kimly Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Yong Yun Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Foodclique (Capeview) Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Foodclique Pte. Ltd. [a]	Singapore	Operating of coffee shop	100	100	100
Held through Kimly MVR Pte. Ltd.					
Kimly MVR Central Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly MVR East Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly MVR West Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Composition of the Group (cont'd)

Name of subsidiaries	Principal place of business	Principal activities	Proportion (%) of ownership interest 30.9.19	30.9.18	1.10.17
Held through Kimly Seafood Pte. Ltd.					
Kimly Seafood Central Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly Seafood East Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly Seafood West Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Held through Kimly Dim Sum Pte. Ltd.					
Kimly Dim Sum East Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly Dim Sum West Pte. Ltd. [a]	Singapore	Sale of food products	100	100	100
Kimly Food Manufacturing Pte. Ltd. [a]	Singapore	Central food processing centre	100	100	100

[a] Audited by Ernst & Young LLP, Singapore

15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Acquisition of businesses

On 16 July 2018 (the "acquisition date"), the Group's subsidiary company, Kimly Food Products Pte. Ltd. ("KFP") purchased the restaurants and confectionery businesses under the trade names, Tonkichi and Rive Gauche, a strategic move to expand its product offerings and provide more dining options for the Group's customers in the local market. Trademarks amounting to $922,000 and deferred tax liabilities amounting to $156,000 in relation to trademarks recognised had been determined on provisional basis as the purchase price allocation exercise ("PPA") for the acquisition of the businesses was not completed when the 2018 financial statements were authorised for issue.

The Group completed the PPA in 2019 and retrospectively restated the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Based on the completed PPA, the fair value of the Tonkichi and Rive Gauche trademarks amount to $36,000 for each trademark, with indefinite useful life on the assumption that the Group will continue to renew the trademarks as long as it operates under the brands. Consequent to the finalisation of the PPA, the Group reclassified $705,000 of previously recognised trademarks to goodwill, and reversal of $145,000 of previously recognised deferred tax liabilities in relation to the recognition of trademarks from the acquisition of businesses.

The goodwill of Tonkichi and Rive Gauche of $36,000 and $669,000 respectively comprises the value of expanding the Group's current product offerings, its intention to expand the customer base of the acquired businesses by leveraging on the Group's existing food outlets. The Group's intention to expand the customer base is not separable and therefore does not meet the criteria for recognition as an intangible asset under SFRS(I) 1-38. None of the goodwill recognised is expected to be deductible for income tax purposes.

The adjusted fair values of the identifiable assets and liabilities of the acquired businesses as at the acquisition date are presented in the following table:

	As previously reported 30.09.2018 $'000	Fair value adjustments $'000	Restated as at 30.09.2018 $'000
Property, plant and equipment	687	–	687
Trademarks	922	(850)	72
Other receivables	235	–	235
Deposits	28	–	28
Inventories	104	–	104
	1,976	(850)	1,126
Deferred tax liabilities	(156)	145	(11)
Total identifiable net assets at fair value	1,820	(705)	1,115
Goodwill arising from acquisition	–	705	705
Consideration settled in cash, representing net cash outflow on acquisition of businesses	1,820	–	1,820

The carrying amounts of goodwill and trademarks allocated to each CGU are as disclosed in Note 14 of the financial statements.

16. DEFERRED TAX

Deferred tax as at 30 September relates to the following:

	Consolidated statement of financial position			Consolidated statement of comprehensive income	
	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000	2019 $'000	2018 $'000
Deferred tax liabilities:					
Differences in depreciation for tax purposes	(328)	(188)	(324)	140	(136)
Difference in amortisation of intangible assets	(28)	(55)	(33)	(27)	22
Fair value adjustments on acquisition of businesses (Restated)	(11)	(11)	–	–	–
	(367)	(254)	(357)	113	(114)
Deferred tax assets:					
Provisions	135	146	87	11	(59)
Unutilised tax losses	19	16	75	(3)	59
Unutilised capital allowances	200	130	171	(70)	41
	354	292	333	(62)	41
Deferred tax expense/(income)				51	(73)

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $Nil (30.09.2018: $Nil; 1.10.2017: $33,000) and $Nil (30.09.2018: $Nil; 1.10.2017: $24,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authority and compliance with the relevant provisions of Singapore tax legislation.

Tax consequences of proposed dividends

There are no income tax consequences (30.09.2018: $Nil; 1.10.2017: $Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

17. TRADE AND OTHER RECEIVABLES

	Group			Company		
	30.9.2019	30.9.2018	1.10.2017	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other receivables (current)						
Trade receivables	1,159	984	740	–	–	–
Other receivables	1,731	2,077	1,360	111	89	150
- Loans to employees	188	197	232	–	–	–
- Deposits	5,331	2,623	2,642	50	–	–
- Consideration receivable pursuant to Rescission	–	13,400	–	–	13,400	–
GST receivable	–	–	–	8	14	6
Loans to subsidiaries	–	–	–	7,290	8,400	4,300
Amount due from a subsidiary (trade)	–	–	–	1,670	1,800	1,300
Amount due from a subsidiary (non-trade)	–	–	–	834	–	–
	8,409	19,281	4,974	9,963	23,703	5,756
Other receivables (non-current)						
Loans to employee	205	195	111	–	–	–
Deposits	3,267	5,315	4,452	–	–	–
Consideration receivable pursuant to Rescission	2,600	2,600	–	2,600	2,600	–
	6,072	8,110	4,563	2,600	2,600	–
Total trade and other receivables (current and non-current)	14,481	27,391	9,537	12,563	26,303	5,756
Add:						
Cash and cash equivalents (Note 19)	87,189	71,669	85,079	55,369	38,473	45,690
Less: GST receivable	–	–	–	(8)	(14)	(6)
Total financial assets carried at amortised cost	101,670	99,060	94,616	67,924	64,762	51,440

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables

Trade receivables are non-interest bearing and are generally on 7 to 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Loans to subsidiaries/amount due from a subsidiary (trade)/(non-trade)

Loans to subsidiaries/amount due from a subsidiary (trade)/(non-trade) are unsecured, non-interest bearing and are to be settled in cash.

Other receivables

Loans to employees are unsecured, interest-free and are to be settled in cash.

Deposits placed with lessors are unsecured and non-interest bearing. These deposits are refundable upon termination of the leases.

Consideration receivable pursuant to Rescission

Consideration receivable pursuant to Rescission is interest-free and to be settled in cash.

On 2 July 2018, the Company acquired Asian Story Corporation Pte. Ltd. ("ASC") from Wang Chia Ye ("Vendor") for an aggregate consideration of $16,000,000 ("Consideration"), with an additional earn-out payment to be determined based on the performance of ASC. LHL Group Pte. Ltd. ("LHL Group", a wholly owned subsidiary of the Company) further entered into a three-year service agreement with the Vendor.

The Group received written notification on 22 November 2018 from Pokka Corporation (Singapore) Pte. Ltd. of its intention to terminate its manufacturing agreement with ASC on a six months' notice. Subsequent to the notification of the termination, the Company and LHL Group have on 29 November 2018, on mutually agreed terms entered into a Deed of Rescission with the Vendor and ASC to rescind the acquisition and that the Vendor had not been employed by LHL Group ("Rescission").

Pursuant to the Rescission, out of the $16,000,000 consideration previously paid to the Vendor, $12,000,000 has been repaid to the Company on 29 November 2018. The balance consideration of $4,000,000 is to be repaid over three years from 29 November 2018 as follows:

(i) $1,400,000 within 12 months (the "First Instalment");
(ii) $1,300,000 within 24 months; and
(iii) $1,300,000 within 36 months.

17. TRADE AND OTHER RECEIVABLES (CONT'D)

Consideration receivable pursuant to Rescission (cont'd)

The consideration receivable is secured by a share charge granted in favour of the Company over the ASC shares (the "Share Charge"), as well as an assignment granted by ASC over its receivables in favour of the Company (the "Assignment"). The Company has also transferred all the shares of ASC to the Vendor, and LHL Group has rescinded its service agreement with the Vendor.

On 8 January 2019, the Company received in advance the First Instalment of $1,400,000 from the Vendor. The balance amount of $2,600,000 is outstanding and repayable by the Vendor by 29 November 2020 and 29 November 2021 in instalments of $1,300,000 each year. The Company has substituted its security over the Share Charge and Assignment in respect of the balance amount of $2,600,000 over certain quoted equity securities held by the Vendor (the "Pledged Shares") together with any distributions derived from the Pledged Shares. As at 30 September 2019, the fair value of the Pledged Shares and the distributions from the Pledged Shares amounted to $2,001,000 and $78,000 respectively.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to $493,000 as at 30 September 2018 and $334,000 as at 1 October 2017 that are past due at the end of the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2018	2017
	$'000	$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	405	233
30 to 60 days	63	75
61 to 90 days	–	–
91 to 120 days	25	26
	493	334

Expected credit losses ("ECL")

As at 1 October 2018 and 30 September 2019, there are no allowance for expected credit loss of trade receivables computed based on lifetime ECL.

18. INVENTORIES

	Group		
	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000
Consolidated statement of financial position:			
Raw materials and consumables, at cost	1,129	1,015	1,113

	Group	
	2019	2018
	$'000	$'000
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in cost of sales	68,063	66,955

During the financial year ended 30 September 2019 and 2018, there has been no inventory written off or allowance for inventory obsolescence.

19. CASH AND CASH EQUIVALENTS

	Group			Company		
	30.9.2019	30.9.2018	1.10.2017	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Cash at banks and on hand	31,847	33,196	40,026	27	–	668
Short-term deposits	55,342	38,473	45,053	55,342	38,473	45,022
	87,189	71,669	85,079	55,369	38,473	45,690

Cash at banks earn interest at floating rate. Short-term deposits are made for varying periods of between one to three months, depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposits rates. The weighted average effective interest rates as at 30 September 2019 for the Group and the Company were 1.88% (30.09.2018: 1.48%; 1.10.2017: 0.75%). Cash and short-term deposits are denominated in SGD.

20. TRADE AND OTHER PAYABLES

	Group			Company		
	30.9.2019	30.9.2018	1.10.2017	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables (current)						
Trade payables	7,259	5,961	6,753	–	–	–
Other payables	1,737	2,938	3,192	1	–	–
GST payable	1,752	1,780	1,757	–	–	–
Deposits from tenants	1,373	1,222	1,401	–	–	–
Amounts due to the then-existing shareholders of subsidiaries (non-trade)	7,517	7,517	7,517	–	–	–
Amount due to a subsidiary (non-trade)	–	–	–	10,980	6,608	336
	19,638	19,418	20,620	10,981	6,608	336
Other payables (non-current)						
Deposits from tenants	693	804	562	–	–	–
Other payables	–	–	32	–	–	–
	693	804	594	–	–	–
Total trade and other payables	20,331	20,222	21,214	10,981	6,608	336
Add:						
Accrued operating expenses (Note 21)	7,603	7,121	7,148	1,011	984	926
Obligation under finance lease (Note 22)	47	72	–	–	–	–
Less:						
GST payable	(1,752)	(1,780)	(1,757)	–	–	–
Total financial liabilities carried at amortised cost	26,229	25,635	26,605	11,992	7,592	1,262

20. TRADE AND OTHER PAYABLES (CONT'D)

There are no trade and other payables denominated in foreign currencies as at 30 September 2019, 30 September 2018 and 1 October 2017.

Trade and other payables are unsecured and non-interest bearing. Trade payables and other payables are generally on 30 days' terms.

Deposits from tenants are unsecured and non-interest bearing. These deposits are repayable upon termination or on expiration of the leases.

Related party balances

Amount due to a subsidiary is unsecured, interest-free, repayable on demand and is to be settled in cash.

Amounts due to the then existing shareholders of subsidiaries are unsecured, interest-free and has no fixed repayment terms. Any repayment will be subjected to review and approval by the Audit Committee, taking into account the financial position of the Group.

21. OTHER LIABILITIES

	Group			Company		
	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Accrued operating expenses	7,603	7,121	7,148	1,011	984	926
Deferred revenue	16	5	3	–	–	–
	7,619	7,126	7,151	1,011	984	926

Deferred revenue relates to advance sponsorship income for marketing incentives received from suppliers which are recognised as income over the sponsorship period.

22. OBLIGATION UNDER FINANCE LEASE

		Group		
	Note	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Current:				
Obligation under finance lease	26	27	26	–
Non-current:				
Obligation under finance lease	26	20	46	–
		47	72	–

The obligation is secured by a charge over the leased asset (Note 13). The discount rate implicit in the lease is 8.0% per annum (30.09.2018: 8.0%; 1.10.2017: Nil%). The obligation is denominated in Singapore dollars.

23. PROVISION FOR RESTORATION COSTS

	Group		
	30.9.2019	30.9.2018	1.10.2017
	$'000	$'000	$'000
At 1 October	890	690	450
(Reversal of)/provision for	(10)	200	240
At 30 September	880	890	690
Current	496	272	180
Non-current	384	618	510
	880	890	690

Provision for restoration costs relates to the estimated costs to reinstate the Group's leased premises to their original state upon expiry of the leases.

24. SHARE CAPITAL, TREASURY SHARES AND SHARE-BASED COMPENSATION RESERVE

(a) Share capital

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares:				
At 1 October and 30 September	1,157,787	287,141	1,157,787	287,141

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

(b) Treasury shares

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 October	2,397	843	–	–
Purchase of treasury shares during the year	6,207	1,491	2,397	843
At 30 September	8,604	2,334	2,397	843

Treasury shares relate to ordinary shares of the Company that is held by the Company.

24. SHARE CAPITAL, TREASURY SHARES AND SHARE-BASED COMPENSATION RESERVE (CONT'D)

(b) Treasury shares (cont'd)

The Company acquired 6,207,000 (2018: 2,397,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $1,491,000 (2018: $843,000) and this was presented as a component within shareholders' equity.

(c) Share-based compensation reserve

Share-based compensation reserve represents the fully-paid share awards granted to employees (Note 9). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of share awards, and reduced by forfeited or exercised of the share awards.

25. OTHER RESERVES

	Group		
	30.9.2019	**30.9.2018**	**1.10.2017**
	$'000	**$'000**	**$'000**
Merger reserve	(120,591)	(120,591)	(120,591)
Deemed contribution from shareholders of subsidiary under common control	468	468	468
	(120,123)	(120,123)	(120,123)

Merger reserve

This represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interests method, as described in Note 2.4 of the financial statements.

Deemed contribution from shareholders of subsidiary under common control

During the financial year ended 30 September 2014, the shareholders of one of the Group's subsidiaries had provided loans amounting to $1,560,000 for payment of the subsidiary's lease assignment fees and working capital needs. During the financial years ended 30 September 2015 and 2016, the subsidiary had made partial repayments amounting to $520,000 to the shareholders. On 30 September 2016, the remaining amount owing to the Controlling Shareholder of $468,000 was waived by the Controlling Shareholder.

26. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		
	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Capital commitment in respect of the purchase of leasehold property located at 143 Teck Whye Lane #01-243 Singapore 680143	12,600	–	–

(b) Operating lease commitments - as lessee

The Group has entered into commercial leases in respect of its retail outlets and operating premises. These non-cancellable operating leases have tenure of between 1 to 18 years. Certain of the leases contain a clause to enable revision of the rental charges on an annual basis based on prevailing market conditions. Certain of the leases contain escalation clauses and provide for contingent rentals based on percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 30 September 2019 amounted to $38,200,000 (30.09.2018: $36,858,000; 1.10.2017: $32,890,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Not later than one year	32,767	32,970	28,282
Later than one year but not later than five years	30,242	38,474	35,864
Later than five years	1,058	1,085	1,170
	64,067	72,529	65,316

26. COMMITMENTS (CONT'D)

(c) Operating lease commitments - as lessor

The Group has entered into commercial lease agreements on its coffee shop premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group		
	30.9.2019 $'000	30.9.2018 $'000	1.10.2017 $'000
Not later than one year	16,442	23,999	22,055
Later than one year but not later than five years	2,992	9,970	8,354
	19,434	33,969	30,409

(d) Finance lease commitment

The Group has a finance lease for a motor vehicle which is secured by a charge over the leased motor vehicle.

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	30.9.2019		30.9.2018		1.10.2017	
	Minimum lease payments $'000	Present value of payments (Note 22) $'000	Minimum lease payments $'000	Present value of payments (Note 22) $'000	Minimum lease payments $'000	Present value of payments (Note 22) $'000
Not later than one year	29	27	29	26	–	–
Later than one year but not later than five years	20	20	48	46	–	–
Total minimum lease payments	49	47	77	72	–	–
Less: Amounts representing finance charges	(2)	–	(5)	–	–	–
Present value of minimum lease payments	47	47	72	72	–	–

27. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, due to their short-term nature. Fair value of non-current receivables and payables are not materially different from their carrying amounts. The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

At the end of the reporting period, the Group does not have any financial instruments carried at fair value.

28. SEGMENT INFORMATION

Business segments

For management purpose, the Group is organised into three operating business segments, namely:

(a) Outlet management

Coffee shop operations are involved in the leasing of food outlet premises to tenants as the master leaseholder, the sale of food, beverages and tobacco products, the provision of cleaning and utilities services to tenants, and the provision of management services to third party coffee shops.

(b) Food retail

Food operations are primarily involved in retailing of food directly to consumers through the stalls, restaurants and confectionery shops operated by the Group such as Mixed Vegetable Rice stalls, Rice Garden stalls, Dim Sum stalls, Seafood "Zi Char" stalls, Teochew Porridge stalls, Tonkichi restaurants, Kanaaji Japanese Tonkatsu stall and Rive Gauche shops.

(c) Others

Others segment includes the provision of management, finance, human resource services, treasury and administrative services.

28. SEGMENT INFORMATION (CONT'D)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Non-cash items are not material to the financial statements and have not been separately presented.

Geographical information

The Group operates mainly in Singapore with revenue generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

Information about major customers

There is no single major customer that contributed more than 5% of the Group's total revenue. The revenue is spread over a broad base of customers.

28. SEGMENT INFORMATION (CONT'D)

	Outlet management $'000	Food retail $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
30.9.2019						
Revenue						
Revenue from external customers	111,084	97,215	–	–		208,299
Inter-segment revenue	22,596	21,357	28,437	(72,390)	A	–
Total revenue	133,680	118,572	28,437	(72,390)		208,299
Results:						
Interest income	107	79	942	–		1,128
Interest expense	–	–	4	–		4
Discounting impact of non-current refundable deposits	455	–	–	–		455
Depreciation of property, plant and equipment	1,665	849	542	–		3,056
Employee benefits expense	23,501	29,166	4,791	–		57,458
Operating lease expenses	34,369	3,747	84	–		38,200
Amortisation of intangible assets	442	37	94	–		573
Gain on disposal of property, plant and equipment	–	9	–	–		9
Share-based payment expenses (Kimly Performance Share Plan)	34	–	–	–		34
Write-off of property, plant and equipment	–	10	–	–		10
Segment profit/(loss)	10,392	19,194	(5,643)	–		23,943
Assets:						
Segment assets	35,316	16,132	69,589	–		121,037
Segment liabilities	17,410	8,706	7,028	–		33,144

Note

A Inter-segment revenues and income are eliminated on consolidation.

28. SEGMENT INFORMATION (CONT'D)

	Outlet management $'000	Food retail $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
30.9.2018						
Revenue						
Revenue from external customers	113,573	88,640	–	–		202,213
Inter-segment revenue	27,079	21,902	40,468	(89,449)	A	–
Total revenue	140,652	110,542	40,468	(89,449)		202,213
Results:						
Interest income	72	49	524	–		645
Interest expense	–	–	1	–		1
Discounting impact of non-current refundable deposits	155	–	–	–		155
Depreciation of property, plant and equipment	1,517	509	500	–		2,526
Employee benefits expense	23,151	26,431	4,143	–		53,725
Operating lease expenses	34,961	1,819	78	–		36,858
Amortisation of intangible assets	238	36	61	–		335
Segment profit/(loss)	11,532	18,769	(5,232)	–		25,069
Assets:						
Segment assets	31,938	17,740	65,945	–		115,623
Segment liabilities	16,134	8,903	7,000	–		32,037

Note

A Inter-segment revenues and income are eliminated on consolidation.

	Outlet management $'000	Food retail $'000	Others $'000	Adjustments and eliminations $'000	Note	Group $'000
1.10.2017						
Assets:						
Segment assets	33,519	16,436	56,244	–		106,199
Segment liabilities	17,447	8,640	6,451	–		32,538

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating;
- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Trade receivables

For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL by using a provisional matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix. ECL on trade receivables is insignificant.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, the Group has no significant concentration of credit risk.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits are placed with reputable financial institutions with high credit ratings and no history of default. They are neither past due nor impaired.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Group monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
30.9.2019				
Financial assets:				
Trade and other receivables	8,409	6,127	157	14,693
Cash and short-term deposits	87,189	–	–	87,189
Total undiscounted financial assets	95,598	6,127	157	101,882
Financial liabilities:				
Trade and other payables	17,886	693	–	18,579
Accrued operating expenses	7,603	–	–	7,603
Obligation under finance lease	29	20	–	49
Total undiscounted financial liabilities	25,518	713	–	26,231
Total net undiscounted financial assets	70,080	5,414	157	75,651

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
30.9.2018				
Financial assets:				
Trade and other receivables	19,281	8,389	385	28,055
Cash and short-term deposits	71,669	–	–	71,669
Total undiscounted financial assets	90,950	8,389	385	99,724
Financial liabilities:				
Trade and other payables	17,638	804	–	18,442
Accrued operating expenses	7,121	–	–	7,121
Obligation under finance lease	29	48	–	77
Total undiscounted financial liabilities	24,788	852	–	25,640
Total net undiscounted financial assets	66,162	7,537	385	74,084

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group				
1.10.2017				
Financial assets:				
Trade and other receivables	4,974	4,888	181	10,043
Cash and short-term deposits	85,079	–	–	85,079
Total undiscounted financial assets	90,053	4,888	181	95,122
Financial liabilities:				
Trade and other payables	18,863	594	–	19,457
Accrued operating expenses	7,148	–	–	7,148
Total undiscounted financial liabilities	26,011	594	–	26,605
Total net undiscounted financial assets	64,042	4,294	181	68,517

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
30.9.2019			
Financial assets:			
Trade and other receivables	9,955	2,600	12,555
Cash and short-term deposits	55,369	–	55,369
Total undiscounted financial assets	65,324	2,600	67,924
Financial liabilities:			
Trade and other payables	10,981	–	10,981
Accrued operating expenses	1,011	–	1,011
Total undiscounted financial liabilities	11,992	–	11,992
Total net undiscounted financial assets	53,332	2,600	55,932
30.9.2018			
Financial assets:			
Trade and other receivables	23,689	2,600	26,289
Cash and short-term deposits	38,473	–	38,473
Total undiscounted financial assets	62,162	2,600	64,762
Financial liabilities:			
Trade and other payables	6,608	–	6,608
Accrued operating expenses	984	–	984
Total undiscounted financial liabilities	7,592	–	7,592
Total net undiscounted financial assets	54,570	2,600	57,170

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	1 year or less $'000	Total $'000
Company		
1.10.2017		
Financial assets:		
Trade and other receivables	5,750	5,750
Cash and short-term deposits	45,690	45,690
Total undiscounted financial assets	51,440	51,440
Financial liabilities:		
Trade and other payables	336	336
Accrued operating expenses	926	926
Total undiscounted financial liabilities	1,262	1,262
Total net undiscounted financial assets	50,178	50,178

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through optimisation of the debt and equity balance. No changes were made in the objectives, policies or processes during the years ended 30 September 2019 and 2018.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital, reserve and retained earnings.

		Group	
	Note	2019 $'000	2018 $'000
Obligation under finance lease	22	47	72
Trade and other payables	20	20,331	20,222
Accrued operating expenses	21	7,603	7,121
Less: Cash and cash equivalents	19	(87,189)	(71,669)
Net cash		(59,208)	(44,254)
Equity attributable to owners of the Company, representing total capital		87,893	83,586
Gearing ratio		NA*	NA*

NA* Not applicable as the Group is in a net cash position.

31. DIVIDENDS

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Declared and paid during the financial year:				
Dividends on ordinary shares:				
- Final exempt (one-tier) dividend for 2018: 0.68 (2017: 0.68) cents per share	7,853	7,873	7,853	7,873
- Interim exempt (one-tier) dividend for 2019: 0.56 (2018: 0.28) cents per share	6,436	3,242	6,436	3,242
	14,289	11,115	14,289	11,115
Proposed but not recognised as a liability as at 30 September:				
Dividends on ordinary shares, subject to shareholders' approval at the AGM:				
- Final exempt (one-tier) dividend for 2019: 0.84 (2018: 0.68) cents per share	9,653	7,855	9,653	7,855

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

(a) Completion of acquisition of leasehold property at 143 Teck Whye Lane

On 24 September 2019, Jin Wei Food Holdings Pte. Ltd. ("Jin Wei"), a wholly-owned subsidiary of the Company, has acquired the entire issued and paid-up share capital of Teck Whye 143 Food House Pte. Ltd. (which has changed its name to Choh Dee (TW143) Food House Pte. Ltd. with effect from 24 September 2019) ("TW143") from a director-related company for a purchase consideration of $10,000.

TW143 had previously exercised an option to purchase the leasehold property located at 143 Teck Whye Lane #01-243 Singapore 680143 granted by TWL Investment Pte. Ltd. for a consideration of $14,000,000, valued based on the market value of the property. The acquisition of the property has been completed on 1 November 2019.

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)

(b) Acquisition of coffeeshops and industrial canteen outlets

On 22 October 2019, Jin Wei, has entered into a non-binding term sheet ("Term Sheet") with a group of third-party vendors to acquire their interests in a portfolio of coffeeshop leases, coffeeshop units and industrial canteen units (collectively, the "Target Properties") ("Proposed Acquisition").

The Target Properties comprise:

(i) four long term leasehold coffeeshop units, which are HDB commercial units located within mature HDB estates;

(ii) three freehold industrial canteen units, which are located in mature and populated industrial areas in close proximity to residential areas; and

(iii) three short term coffeeshop leases, which are HDB direct leases.

The Term Sheet is pending completion of due diligence and valuation of the Target Properties by the Group.

The aggregate consideration of S$59,000,000 was arrived at on a willing-buyer, willing-seller basis, taking into consideration the quality of the assets, their utilisation and future potential to the Group. The Group will also be commissioning valuations on the Target Properties.

This consideration payable will comprise of:

1. $56,060,000 payable in respect of the long term leasehold coffeeshop units and freehold industrial canteen units, which will be satisfied partly in cash of S$46,000,000, as well as the issuance of 40,000,000 ordinary shares of the Company at $0.25 per share; and

2. $2,940,000 in cash for the short-term coffeeshop leases.

33. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 23 December 2019.

STATISTICS OF SHAREHOLDINGS

As at 16 December 2019

SHARE CAPITAL

Numer of Ordinary Shares in Issue (excluding treasury shares and subsidary holdings)	:	1,148,902,932
Number of treasury shares held	:	8,883,800 (0.77%)
Number of subsidiary holdings	:	–
Class of Shares	:	Ordinary
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	3	0.14	50	0.00
100 - 1,000	132	6.23	99,100	0.01
1,001 - 10,000	894	42.23	5,020,030	0.44
10,001 - 1,000,000	1,032	48.75	92,792,502	8.07
1,000,001 AND ABOVE	56	2.65	1,050,991,250	91.48
TOTAL	**2,117**	**100.00**	**1,148,902,932**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	LIM HEE LIAT	489,915,165	42.64
2	PEH OON KEE	99,309,105	8.64
3	DBS NOMINEES (PRIVATE) LIMITED	83,034,039	7.23
4	NG LAY BENG	60,486,866	5.26
5	NG THIAN HOO	48,362,724	4.21
6	NG HAN KEOW	47,406,862	4.13
7	VANDA 1 INVESTMENTS PTE LTD	41,961,600	3.65
8	RAFFLES NOMINEES (PTE.) LIMITED	15,425,800	1.34
9	CHIA CHER KHIANG (XIE SHUQIANG)	14,513,391	1.26
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	12,281,700	1.07
11	ANG KOK HUI	11,711,724	1.02
12	PEH KIM LEONG SUNNY (BAI JINLONG)	10,905,948	0.95
13	WONG HONG KOON	8,621,960	0.75
14	CITIBANK NOMINEES SINGAPORE PTE LTD	8,515,900	0.74
15	ANG LAY HIONG (HONG LIXIANG)	7,266,191	0.63
16	OW SOON POOH	6,845,850	0.60
17	JACK INVESTMENT PTE LTD	4,325,000	0.38
18	HENG SIEW ENG	4,082,000	0.36
19	TAN KHENG AIK	4,015,818	0.35
20	THIA SIA ENG	3,940,000	0.34
	TOTAL	**982,927,643**	**85.55**

STATISTICS OF SHAREHOLDINGS

As at 16 December 2019

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Sustaintial Shareholders

NAME OF SHAREHOLDER	DIRECT INTEREST	%	DEEMED INTEREST	%
LIM HEE LIAT	489,915,165	42.64	–	–
PEH OON KEE	99,309,105	8.64	–	–
NG LAY BENG	60,486,866	5.26	10,300,000^	0.90

^ This represents Mr Ng Lay Beng's direct interest of 10,300,000 shares held in the name of CGS-CIMB Securities (Singapore) Pte Ltd.

SHARES HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 16 December 2019, 40.78% of the issued ordinary shares of the Company are held by the public and therefore Rule 723 of the Listing Manual, Section B: Rules of the Catalist of the Singapore Exchange Securities trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Tuesday, 21 January 2020 at 2.00 p.m. for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 30 September 2019 and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a Tax Exempt One-Tier final dividend of 0.84 Singapore cent per ordinary share for the financial year ended 30 September 2019. **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Regulations 112 and 116 of the Company's Constitution:

   Mr Wee Tian Chwee Jeffrey (Retiring pursuant to Regulation 112) **(Resolution 3)**
   Mr Lau Chin Huat (Retiring pursuant to Regulation 116) **(Resolution 4)**
   [See Explanatory Note (i)]

4. To note the retirement of Mr Ter Kim Cheu as a Director of the Company, who is not seeking re-election pursuant to Regulation 112 of the Company's Constitution, at the conclusion of the Annual General Meeting. [See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of up to S$200,000 for the financial year ending 30 September 2020, to be paid quarterly in arrears. (FY2019: S$200,000) **(Resolution 5)**

6. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other routine business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. **SHARE I SSUE MANDATE**

   THAT authority be hereby given to the Directors of the Company pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**") and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Rules of Catalist**") and notwithstanding the provisions of the Constitution of the Company, to:

   (a) (i) issue shares in the capital of the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**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) warrants, debentures or other instruments convertible into Shares; and/or

   (iii) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or other capitalisation issues, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that 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 while this resolution is in force,

PROVIDED THAT:

(i) the aggregate number of Shares issued pursuant to this resolution (including Shares issued in pursuance to any Instruments made or granted pursuant to this resolution), does not exceed one hundred per cent. (100%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company shall be calculated based on the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares 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 any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution; and

(B) any subsequent bonus issue or consolidation or subdivision of Shares;

(iii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Companies Act, the Rules of Catalist (including supplemental measures hereto) for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(vi) (unless revoked or varied by the Company in general meeting) the authority conferred by this resolution shall 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 the earlier.
[See Explanatory Note (iii)] **(Resolution 7)**

9. **AUTHORITY TO OFFER AND GRANT OPTIONS AND ALLOT AND ISSUE SHARES UNDER THE KIMLY EMPLOYEE SHARE OPTION SCHEME**

THAT the Directors of the Company be hereby authorised to:

(a) offer and grant options ("**Options**") in accordance with the provisions of the Kimly Employee Share Option Scheme (the "**Scheme**") and pursuant to Section 161 of the Companies Act:

(i) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Options under the Scheme; and

(ii) (nothwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Options granted by the Directors in accordance with the Scheme awarded while the authority conferred by this resolution was in force, and

(b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Options granted under the Scheme,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Options under the Scheme on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.
[See Explanatory Note (iv)] **(Resolution 8)**

10. **AUTHORITY TO OFFER AND GRANT AWARDS AND ALLOT AND ISSUE SHARES UNDER THE KIMLY PERFORMANCE SHARE PLAN**

THAT the Directors of the Company be hereby authorised to:

(a) offer and grant awards ("**Awards**") in accordance with the provisions of the Kimly Performance Share Plan (the "**Share Plan**") and pursuant to Section 161 of the Companies Act:

(i) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to the vesting of the Awards under the Share Plan; and

(ii) (nothwithstanding the authority conferred by this resolution may have ceased to be in force) to allot and issue from time to time such number of fully-paid new Shares as may be required to be delivered pursuant to any Awards granted by the Directors in accordance with the Share Plan awarded while the authority conferred by this resolution was in force, and

(b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Awards granted under the Share Plan,

PROVIDED THAT the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.
[See Explanatory Note (v)] **(Resolution 9)**

By Order of the Board

Hoon Chi Tern
Company Secretary

Singapore, 6 January 2020

Notes:

1. A member (other than a Relevant Intermediary*) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. 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 (which number and class of shares shall be specified).

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 13 Woodlands Link, Singapore 738725, not less than 72 hours before the time appointed for holding the Annual General Meeting.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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.

EXPLANATORY NOTES:

(i) **Resolution 3** is to re-elect Mr Wee Tian Chwee Jeffrey as an Independent Director of the Company. Mr Wee, upon re-election, will remain as an Independent Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr Wee will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

Resolution 4 is to re-elect Mr Lau Chin Huat as an Independent Director of the Company. Mr Lau, upon re-election, will remain as an Independent Director and a member of the Audit Committee of the Company. Mr Lau will be considered independent for the purposes of Rule 704(7) of the Rules of Catalist.

The information relating to Mr Wee Tian Chwee Jeffrey and Mr Lau Chin Huat as required under Rule 720(5) of the Rules of Catalist is set out on pages 33 and 34 of the Annual Report.

(ii) Item 4 above is to note the retirement of Mr Ter Kim Cheu, who is retiring pursuant to Regulation 112 of the Company's Constitution and not seeking re-election. Accordingly, he shall retire as the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and the Remuneration Committee at the conclusion of this Annual General Meeting. Mr Lim Teck Chai Danny shall be appointed as the Lead Independent Director and Mr Lau Chin Huat shall be appointed as the Chairman of the Nominating Committee and a member of the Remuneration Committee of the Company in place of Mr Ter.

(iii) **Resolution 7** proposed in item 8. above, if passed, is to empower the Directors to allot and issue Shares in the capital of the Company and/or Instruments (as defined above). The aggregate number of Shares to be issued pursuant to resolution 7 (including Shares to be issued in pursuance of Instruments made or granted) shall not exceed one hundred per cent. (100%) of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company, with a sub-limit of fifty per cent. (50%) for Shares issued other than on a pro rata basis (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to shareholders with registered addresses in Singapore. For the purpose of determining the aggregate number of Shares that may be issued, the percentage of the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company will be calculated based on the total number of issued Shares excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares of the Company at the time of the passing of resolution 7, after adjusting for (A) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution 7, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST; and (B) any subsequent bonus issue or consolidation or subdivision of Shares.

(iv) **Resolution 8** proposed in item 9. above, if passed, is to authorise the Directors to (a) offer and grant Options in accordance with the provisions of the Scheme and pursuant to Section 161 of the Companies Act; and (b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Options granted under the Scheme, provided always that the aggregate number of Shares to be issued or transferred pursuant to the Options under the Scheme on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.

(v) Resolution 9 proposed in item 10. above, if passed, is to authorise the Directors to (a) offer and grant Awards in accordance with the provisions of the Share Plan and pursuant to Section 161 of the Companies Act; and (b) subject to the same being allowed by law, apply any Shares purchased under any share purchase mandate and to deliver such existing Shares (including treasury Shares) towards the satisfaction of Awards granted under the Share Plan, provided always that the aggregate number of Shares to be issued or transferred pursuant to the Awards under the Share Plan on any date, when aggregated with the number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued Shares of the Company excluding subsidiary holdings (as defined in the Rules of Catalist) and treasury Shares on the day preceding that date.

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, 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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KIMLY LIMITED
(Incorporated in Singapore)
(Registration No. 201613903R)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. SRS Investors who are unable to attend the Meeting but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by 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 no.)
of ____ (Address)
being a member/members of KIMLY 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 ("**AGM**") of the Company to be held at The Grassroots' Club, 190 Ang Mo Kio Avenue 8, Singapore 568046 on Tuesday, 21 January 2020 at 2.00 p.m. and at any adjournment thereof.

The proxy/proxies shall vote on the Resolutions set out in the notice of the AGM in accordance with my/our directions as indicated hereunder. Where no such direction is given, the proxy/proxies may vote or abstain from voting at his/their discretion, on any matter at the AGM or at any adjournment thereof.

No.	**Resolutions relating to:**	**For***	**Against***
Ordinary Resolutions			
1.	Adoption of Directors' Statement and the Audited Financial Statements for the financial year ended 30 September 2019		
2.	Approval of Tax Exempt One-Tier Final Dividend		
3.	Re-election of Mr Wee Tian Chwee Jeffrey as a Director		
4.	Re-election of Mr Lau Chin Huat as a Director		
5.	Approval of Directors' fees of up to S$200,000 for the financial year ending 30 September 2020, to be paid quarterly in arrears		
6.	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7.	Approval of the Share Issue Mandate		
8.	Authority for Directors to offer and grant options and to allot and issue new shares under the Kimly Employee Share Option Scheme		
9.	Authority for Directors to offer and grant awards and to allot and issue new shares under the Kimly Performance Share Plan		

* *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.*

Dated this __________ day of January 2020

Total Number of Shares held in:	
CDP Register	
Register of Members	

____
Signature(s) of member(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF.

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. If no number is inserted, this form of proxy will 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 not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 13 Woodlands Link, Singapore 738725 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 specifies the proportion of his 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 (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 AGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the AGM 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 AGM.

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 under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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 AGM, in accordance with Section 179 of the Companies Act, Cap. 50 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 hold shares under the Supplementary Retirement Scheme ("SRS Investor") (as may applicable) may attend and cast his vote(s) at the AGM in person. SRS Investors who are unable to attend the AGM but would like to vote, may inform their SRS Approved Nominees to appoint the Chairman of the AGM to act as his proxy, in which case, the SRS Investors shall be precluded from attending the AGM.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), 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 name in the Depository Register as at 72 hours before the time appointed for holding the Annual General 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 6 January 2020.

(Company Registration No.: 201613903R)
(Incorporated in the Republic of Singapore on 23 May 2016)

13 Woodlands Link
Singapore 738725

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