chaswood

RESOURCES HOLDINGS LTD.

ANNUAL REPORT

2019

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This Annual Report has been prepared by the Company and its contents have been reviewed by the Company’s sponsor (“Sponsor”), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (“**Exchange**”) listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company’s Sponsor has not independently verified the contents of this Annual Report including the correctness of any of the figures used, statements or opinions made.

This Annual Report has not been examined or approved by the Exchange, and the Exchange assumes no responsibility for the contents of this Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr. Liau H.K.
Telephone number: 6221 0271

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Chaswood Resources Holdings Ltd and its subsidiaries ("Chaswood" or the "Group") for the financial year ended 31 December 2019 ("FY2019").

Financial Overview

Revenue for FY2019 comprised the sales contributed by the remaining restaurant business of the Group under the Italiannies brand after the disposal of CRSB (as defined below) by the Company. For FY2019, the Group recorded revenue of approximately RM2.8 million, a decrease of approximately 23.4% as compared to the financial year ended 31 December 2018 ("FY2018") which was mainly due to the closure of the Group's non-performing bar business during the financial year. The Group incurred a net loss after tax from continuing operations of approximately RM7.1 million in FY2019 as compared to a net loss after tax from continuing operations of approximately RM1.5 million in FY2018. The higher net loss after tax from continuing operations was mainly attributed by (i) additional accrual of approximately RM6.0 million relating to corporate guarantees granted by the Company as security for certain former subsidiaries' banking facilities and exchangeable bonds of the Group, and (ii) increase in professional fees related to the Group's restructuring exercise of approximately RM1.5 million. The liabilities relating to the corporate guarantees granted are included under the Company's proposed scheme of arrangement with creditors currently being undertaken. The higher net loss after tax from continuing operations is offset by (i) income from development rights awarded to operate the Italiannies brand of approximately RM0.5 million, (ii) landlord rental rebate of approximately RM1.1 million and (iii) lower administrative expenses due to the continuous cost cutting measure undertaken by the Group. The gross profit decreased by approximately RM0.3 million from approximately RM2.1 million in FY2018 to approximately RM1.8 million in FY2019 was mainly due to the decrease in revenue. However, the gross profit margin increased from approximately 58.1% in FY2018 to approximately 65.6% in FY2019 due to the higher profit margin contribution from the food and beverage business after the closure of the bar business.

The Group's share capital as at FY2019 has been eroded with a negative shareholders' equity of RM60.6m due to the losses incurred by the Group. The net current liability position of the Group decreased from approximately RM72.7 million in FY2018 to approximately RM62.3 million in FY2019 was mainly due to the reduction of net current liabilities directly associated with assets classified as held for sale in FY2018 pursuant to the completion of the disposal of Chaswood Resources Sdn Bhd ("CRSB") in FY2019. The board is of the view that the Group's working capital is sufficient for the next 12 months and the Group is able to continue as a going concern after taking into consideration the restructuring exercise which is currently being undertaken by the Group. Please refer to Note 3A to the financial statements for further information on the basis for going concern and sufficiency of working capital.

Moving Forward

The Group's main focus has been to complete the ongoing restructuring exercise to restore the financial position of the Group with an aim to submit a resumption plan to SGX-ST for the trading of the Company's shares to resume since the suspension on 18 June 2018. The completion of the restructuring exercise and the share trading resumption will provide better value to the shareholders. Over the last few months, the restructuring exercise had progressed well with the completion of certain milestones, details of which have been announced by the Company, as follows:

(i) Proposed disposal of CRSB

The proposed disposal of CRSB to Tremendous Asia Management Inc was completed on 4 October 2019 which removed a significant negative shareholders' equity from the Group and thus, setting a more palatable platform to continue operating and expanding the Group's restaurant business.

(ii) Proposed issuance of redeemable convertible note ("RCN")

The Company had entered into a subscription agreement on 30 November 2019 with Advance Opportunities Fund ("AOF") and Advance Opportunities Fund I ("AOF I") (AOF and AOF I shall collectively be known as the "Subscribers") pursuant to which the Company proposes to issue to the Subscribers 1.0% equity-linked RCN due 2022 with an aggregate principal amount of up to S$50.0 million. The proceeds will be utilized for the funding of the Group's working capital and future expansions and investments. The issuance of the RCN is subject to fulfilment of certain conditions precedent which includes inter-alia the share trading resumption. On 29 May 2020, the Company had entered into a supplemental agreement with the Subscribers for the last date to satisfy the conditions precedent to be extended to 30 November 2020.

(iii) Proposed scheme of arrangement with scheme creditors ("SOA")

To address the remaining liabilities of the Company, a proposed SOA with its creditors was undertaken. During a creditors' meeting held on 30 April 2020, the proposed SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Company's solicitors have filed an application to the Court to obtain its approval of the Singapore SOA and the Court has fixed for the Company's application for hearing on 26 June 2020. Once the Court's approval is obtained, the SOA shall be binding on the Company and scheme creditors.

Further announcement will be made on any material developments with regards to the restructuring exercise. With a stronger financial position and platform after the completion of the restructuring exercise, the Group will be able to better focus to grow the remaining restaurant business while identifying suitable and viable new or complimentary business/investment for the Group.

The recent outbreak of the COVID-19 pandemic had a significant impact globally and the enforcement of the movement control order in Malaysia has also affected most businesses, including the Group's restaurant business. As an effort to counter the impact from the situation until the completion of the restructuring exercise, the Group has undertaken several measures including but not limited to (i) managing the manpower planning, (ii) negotiating with landlord on rental rebate, (iii) driving promotional activities, and (iv) taking advantage of the various support measures by the government such as the wage subsidy and waiver of foreign worker levy. Notwithstanding the above-mentioned, the Group will endeavor to complete the restructuring exercise as soon as possible.

In Appreciation

On behalf of the Board, I would like to express our gratitude to our shareholders for the strong support, patience and confidence in us, particularly during this challenging period. We would also like to extend our gratitude to the management and staff, business partners and various professionals for the untiring efforts, support, dedication and commitment in assisting us to ride through this difficult time and to restore the Group's financial position.

The Board would also like to express its appreciation to Mr. Chng Hee Kok who has resigned from the Board on 11 May 2020 for his efforts and contributions during his tenure with the Company.

Mr Ng Teck Wah
Non-Independent Non-Executive Chairman

BOARD OF DIRECTORS

MR NG TECK WAH
Non-Independent Non-Executive Chairman

Mr Ng Teck Wah was appointed to the Board as the Non-Independent Non-Executive Director on 1 March 2012 and was thereafter appointed as the Chairman on 25 July 2014. Mr. Ng is a founder and Managing Partner of Tremendous Asia Partners Group (TAP), a Southeast Asian focused private equity firm. He is an Arthur Andersen thoroughbred having joined the partnership upon graduation and has worked in various capacities throughout Southeast Asia before seeking early retirement in 2007 to build a Southeast Asian private equity operation, bringing to the table his 30 years of experience in consultancy, turnaround management, mergers and acquisition and transaction advisory.

Mr Teck Wah's last position before embarking into the private equity field was as the Executive Director of Transaction Advisory Services in Ernst & Young, Kuala Lumpur. He is one of the founding directors of Arthur Andersen corporate finance in Malaysia. During his tenure in Arthur Andersen, he has served in Singapore, Hong Kong, Manila, Thailand as well as Indonesia and has helped to develop the emerging corporate finance division in Southeast Asia.

Mr Teck Wah has a strong reputation in the market as a Mergers, Acquisitions and Restructuring Specialist and has built a preeminent status as a market leader in corporate transaction advisory in Malaysia. He has also built a strong track record in leading large turnaround and insolvency assignments across a spectrum of industries.

Mr Teck Wah has a Bachelor's of Commerce in Accounting from University of Birmingham and is a fellow member of The Association of Chartered Certified Accountants UK (ACCA).

MR ANDREW ROACH REDDY
Executive Director and Managing Director

Mr Andrew Roach Reddy is the Managing Director and was appointed to the Board on 1 March 2012. He is responsible for the formulation of the Group's strategic directions, expansion plans and overall business development. He has been in the hotel and service industry for more than 30 years.

The seed of his casual dining empire was planted when he joined BistroAmericana Holdings Sdn. Bhd. as a General Manager in 1993 and subsequently became the Director of various TGI Fridays™ restaurants 6 years later. With a wealth of experience under his belt and an unrelenting drive for success, he founded Chaswood Resources Sdn. Bhd. with 2 other partners in 2002 and took the business under his personal charge, and bought the TGI Fridays™ franchise from BistroAmericana Holdings Pte. Ltd. As the Managing Director, Mr Andrew oversees the overall business operations and gives strategic guidance and directions to the management team. Under his leadership, the Group had grown from strength to strength and has expanded to being one of Malaysia's leading multi-concept operator in the food and beverage industry with presence in Malaysia, China and Indonesia before the Group was affected by challenging operating environment.

He holds a Masters of Business Administration in General and Strategic Management (Honorary) from the Maastricht School of Management, Netherlands.

MR CHNG HEE KOK
Lead Independent Non-Executive – Resigned on 11 May 2020

Mr Chng Hee Kok was appointed to the Board as the Lead Independent Non-Executive Director on 28 June 2018 and has resigned on 11 May 2020. Previously, he was the Chief Executive Officer of LH Group Ltd, HG Metals Manufacturing Ltd, Hartawan Holdings Ltd, Yeo Hiap Seng Ltd and Scotts Holdings Ltd. Mr Chng was also a Member of Parliament of Singapore from 1984 to 2001 and held past directorships at Public Utilities Board, Sentosa Development Corporation and Singapore Institute of Directors. Mr Chng holds independent directorships at SGX Mainboard listed companies that include Luxking Group Holdings Ltd, Samudera Shipping Line Ltd, Full Apex Holdings Ltd, United Food Holdings Ltd, Ellipsiz Ltd, The Place Holdings Ltd, Blackgold Natural Resources Ltd and Metech International Ltd.

Mr Chng graduated from University of Singapore with a Bachelor of Engineering (Mechanical), First Class Honours degree and was awarded Institute of Engineers Singapore Gold Medal and Mobil Silver Medal. He also holds a Master of Business Administration degree from the National University of Singapore, and completed the Program for Executive Development at IMD – Lausanne Switzerland.

MR ER KWONG WAH
Independent Non-Executive

Mr Er Kwong Wah was appointed to the Board as the Independent Non-Executive Director on 20 September 2018. He has spent 27 years in the service of the Singapore Government serving various ministries. He has held the Permanent Secretary position with the Ministry of Education from 1987 to 1994 and then with the Ministry of Community Development until his retirement in 1998. He is currently an independent director for several public listed companies including Ecowise Holdings Limited, CFM Holdings Limited, COSCO Shipping International (Singapore) Co., Ltd., The Place Holdings Limited and Luxking Group Holdings Ltd.

Mr Er was a Colombo Plan and Bank of Tokyo Scholar and obtained a degree in Applied Science with Honours in Electrical Engineering from the University of Toronto, Canada. He holds a MBA from Manchester Business School, University of Manchester. He is also a Fellow of the Institution of Engineers, Singapore and a Fellow of the Chartered Institute of Marketing, United Kingdom.

KEY EXECUTIVE

MR BRYAN THAM KEEN TEK
Group Chief Financial Officer

Mr Bryan Tham is the Group Chief Financial Officer of the Company and was appointed on 20 July 2015. He oversees the finance, accounting, tax and internal audit aspects of the Group. He possesses more than 15 years of experience in audit, accounting, financial reporting and business planning in large corporations. He also has about 10 years of experience in retail as well as the food and beverage industry.

He was formerly the General Manager of Finance at Nando's Malaysia and Singapore from 2010 to 2015, where he played an integral role in restructuring the finance and accounting team and implementing an automated system to support the growth of Nando's in Malaysia and Singapore. Prior to joining Nando's, Mr Bryan was the Head of Finance at Tangs Departmental Store Sdn Bhd from 2006 to 2010, where he was a key project committee member in the setting up of the first Tangs departmental store in Pavilion, Kuala Lumpur. Prior to these appointments, he worked as an external auditor with the audit and advisory arm of PricewaterhouseCoopers, Kuala Lumpur where he was involved in audit, business advisory and merger & acquisition of certain public listed corporations.

Mr Bryan obtained a Bachelor's in Accountancy (2nd Upper Class Hons) degree from University Malaya in 1999. He is also a qualified Certified Public Accountant with the Malaysian Institute of Certified Public Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive
Mr Andrew Roach Reddy - Managing Director

Non-Independent Non-Executive
Mr Ng Teck Wah – Chairman

Independent Non-Executive
Mr Er Kwong Wah

AUDIT COMMITTEE*
Mr Er Kwong Wah
Mr Ng Teck Wah

NOMINATING COMMITTEE*
Mr Er Kwong Wah - Chairman
Mr Ng Teck Wah

REMUNERATION COMMITTEE*
Mr Er Kwong Wah
Mr Ng Teck Wah

SECRETARY
Mr Lee Wei Hsiung

AUDITOR TO THE COMPANY
Moore Stephens LLP
10 Anson Road #29-15,
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Singapore, 079903
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Fax: (65) 6221 3815
Audit Partner-In-Charge:
Ms Lao Mei Leng
(appointed since financial year
ended 31 December 2015)

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200401894D

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Singapore 068898

PRINCIPAL BANKERS
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Jalan PJU 5/14
Dataran Sunway
Kota Damansara
47810 Petaling Jaya
Selangor, Malaysia

Note:
*The Company is in the process of appointing an independent director to fill the vacancy of the Audit Committee, Nominating Committee and Remuneration Committee since the resignation of Mr. Chng Hee Kok as the Lead Independent Director on 11 May 2020.

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**") of Chaswood Resources Holdings Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to ensuring that a high standard of corporate governance is practised within the Group.

On 6 August 2018, the Monetary Authority of Singapore (the "**MAS**") issued a revised Code of Corporate Governance 2018 (the "**Code**") and accompanying practice guidance (the "**Practice Guidance**"). The Code supersedes and replaces the Code of Corporate Governance 2012, and applies to annual reports of listed entities relating to financial years commencing from 1 January 2019.

This report shall reference the principles and provisions laid down in the Code and accompanying Practice Guidance issued in August 2018, which forms part of the continuing obligations of the Listing Rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Board confirms that for the financial year ended 31 December 2019 ("**FY2019**") the Company has complied with the Code, except where otherwise explained. In areas where the Group has not complied with the Code, the Group will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board's primary function is to protect the Company's shareholders' interests and enhance the long-term value and returns for the shareholders. It sets the overall strategy for the Group and supervises the Management. To fulfil this role, the Board is responsible for setting the strategic direction for the Group, establishing goals for the Management and monitoring the achievement of these goals.

Apart from its statutory responsibilities, the Board's principal functions include the following:

(a) to approve corporate policies, strategic directions and financial objectives of the Group, monitor the achievement of these objectives, provide entrepreneurial leadership and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) to approve annual reports and periodic financial announcements;

(c) to constructively challenge management and review its performance in ensuring management leadership of high quality, effectiveness and integrity;

(d) to approve annual budgets, major funding proposals, investment and divestment proposals;

(e) to ensure the adequacy and integrity of the Group's internal controls, risk management systems and periodic reviews of the Group's financial performance and compliance, including safeguarding of the shareholders' interests and the company's assets;

(f) to consider sustainability issues such as environmental and social factors when formulating the Company's strategic objectives;

(g) to assume responsibility for corporate governance framework of the Company;

(h) to set the Group's values, standards (including ethical standards), culture and diversity policy and ensure that obligations to shareholders and other stakeholders are understood and met; and

(i) to ensure transparency and accountability to key stakeholder groups.

Each director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his knowledge. Where a director has a conflict or potential conflict of interest in relation to any matter, he should immediately declare his interest and abstain when the conflict-related matter is discussed, unless the Board is of the opinion that his presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he is to abstain from voting in relation to the conflict-related matters.

The Board holds management accountable for performance and puts in place a code of conduct and ethics, sets appropriate tone from the top and the desired organisational culture and ensures proper accountability within the Company.

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group, and are obliged to act in good faith and make decisions objectively in the best interest of the Company.

To assist the Board in the execution of its responsibilities, the Board is supported by a number of committees which includes the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**"). Each of these committees is empowered to make decisions on matters within its terms of reference. The composition of each committee, the key terms of reference and a summary of each Board Committee's activities can be found in this report. Any change to the terms of reference for any Board Committee requires the approval of the Board.

The Board and the AC meet at least two times a year to oversee the business affairs of the Group to review, consider and approve financials, business strategies and objectives of the Group. Where necessary, ad-hoc meetings are held to deliberate on urgent substantive matters. The Company's Constitution allows meetings to be conducted both physically and by way of telephone conferencing or by means of similar communication equipment whereby all persons participating in the meeting are able to hear each other, provided that the requisite quorum is present.

The Directors' participation in the meetings held in FY2019 is summarised in the table below:

	Board Committees							
	Board		AC		NC		RC	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Mr Andrew Roach Reddy (1)	3	3	3	3	1	1	1	1
Mr Ng Teck Wah	3	3	3	3	1	1	1	1
Mr Chng Hee Kok (2)	3	3	3	3	1	1	1	1
Mr Er Kwong Wah	3	3	3	3	1	1	1	1

Notes:

(1) Mr. Andrew Roach Reddy was present at the Audit, Nominating and Remuneration Committees by invitation via teleconference.

(2) Mr. Chng Hee Kok resigned as the Lead Independent Director on 11 May 2020 and concurrently relinquished his position as the Chairman of the AC and RC and Member of the NC.

Minutes of all Board and committees' meetings will be circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the respective meetings.

All Directors are required to declare their board representations. The Board is of the view that the effectiveness of each director is best assessed by a qualitative assessment of the director's contribution and his ability to devote sufficient time and attention to the Company's affairs. Hence, the Board has decided not to set a numerical limit on the number of listed company board representations as it does not wish to omit from its consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The Group has adopted internal guidelines governing matters that require the Board's approval and clearly communicates this to the Management in writing. The Board will review the guidelines on a periodic basis to ensure their relevance to the operations of the Group. The matters requiring the Board's approval include:

- issuance of shares;
- material acquisitions and disposal of assets/investment or divestment;
- corporate or financial restructuring;
- major capital expenditure;
- convening of shareholders' meeting;
- announcement of the Group's half yearly and full year results;
- release of the Company's annual reports and sustainability report; and
- any other matters as prescribed under the relevant legislations and regulations, and the provisions of the Company's constitution.

The Board as a whole is provided with regular updates on changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected role and responsibilities. Regular updates on the latest corporate governance and listing policies as well as new releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") are circulated to the Board from time to time.

Where possible and when an opportunity arises, the Directors will be invited to locations within the Group's operations to enable them to obtain a better perspective of the business and enhance their understanding of the Group's operations.

The Company also encourages the Directors to attend appropriate courses, conferences, briefings and seminars, at the Company's expense, to keep themselves abreast of the latest developments in regulatory, legal and accounting frame-works and regulations that are of relevance to the Group.

A new director will, upon appointment, be provided with a formal letter setting out his roles, duties and responsibilities as a member of the Board. The Company will, at its expense, arrange for a new director with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, including programmes or courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge. The Company is responsible for arranging and funding the training of directors as prescribed by Rule 406(3)(a) of the Catalist Rules (including a director who has no prior experience as a director of an issuer listed on the SGX-ST).

There was no other new director appointed on Board during FY2019.

Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides the Board members with 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 as Directors such as periodic management accounts and all relevant information. In addition, all relevant information on material events and transactions are circulated to the Directors as and when they arise.

The Directors have unrestricted access to the Group's records and information and to request additional information as needed to make informed decisions. The Board members have separate and independent access to senior management staffs and, whenever necessary, senior management staffs will be invited to attend the Board Meetings and Board Committee Meetings to answer additional queries from the Board members and provide detailed insights into their areas of operations to the Board members. Board papers and related materials specifying relevant information and rationale for each proposal for which the Board's approval is sought are provided to the Directors for the Board's attention and consideration. A quarterly report on the financial results and performance of the Group with explanations of material variance between actual results and budgets are also provided to the Directors.

The Directors have separate and independent access to the Company Secretary at all times. The Company Secretary assists the Board to ensure that Board procedures and applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and Board Committees and between senior management and Non-Executive Directors, and advises the Board through the Chairman on all governance. The Company Secretary attends Board Meetings and Board Committee Meetings. The appointment and the removal of the Company Secretary is a matter for deliberation by the Board.

The Board, either individually or as a group, in the furtherance of their duties, has access to independent professional advice, if necessary, at the Company's expense and after consultation with the Chairman.

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Board currently comprises three Directors, one of whom is independent, non-executive director as at the date of this Report.

The Board members as at the date of this Report comprises:

Mr. Ng Teck Wah	(Non-Independent Non-Executive Chairman)
Mr. Andrew Roach Reddy	(Executive Director and Managing Director)
Mr. Er Kwong Wah	(Independent Non-Executive Director)

Following Mr. Chng Hee Kok's ("Mr. Chng") resignation as the Lead Independent Director on 11 May 2020, the Board is not in compliance with Rule 704(7) of the Catalist Rules whereby the AC of the Company must have a minimum of three members. The Board is also not in compliance with Rule 406(3)(c) of the Catalist Rules whereby the Board must make up of at least two non-executive directors who are independent and in accordance with guideline 2.2 of the Code whereby independent directors are to make up majority of the Board where the Chairman is not independent. In addition, the Company does not comply with the Code with regards to the compositions of the AC, NC and RC of the Company. The Company shall endeavour to fill the vacancy with regards to the AC, NC and RC within 2 months, and in any case not later than 3 months from the date of Mr. Chng's resignation.

The NC reviews the independence of the Directors annually, bearing in mind the circumstances and principles set forth in the Code as well as all other relevant circumstances and facts. Each Independent Director is required to provide and has provided the annual confirmation confirming his independence in accordance with the guidelines as set out in the Code. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and Rule 406(3)(d) of the Catalist Rules.

The Company has no Independent Director who has served on the Board beyond nine years from the date of his first appointment.

To date, none of the Independent Directors of the Company have been appointed as a director of the Company's principal subsidiaries for the current or any of the past three financial years. The Board and the Management are of the view that the current board structures in the principal subsidiaries are well organised and constituted. The Board and the Management will from time to time review the board structures of the principal subsidiaries and make appropriate corporate decision of considering the appointment of an Independent Director into the principal subsidiaries.

The Board constantly examines its size with a view to determining the composition that is appropriate for effective decision-making taking into account the size and scope of the affairs and operations of the Group to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board is of the view that the size of the Board prior to the resignation of Mr. Chng as the Lead Independent Director, is sufficient to allow diversity, constructive and effective decision making at meetings of the Board and committees. With currently only one member of the Board being independent, the Company shall endeavour to appoint a new independent director within 2 months, and in any case not later than 3 months from the date of Mr. Chng's resignation, to maintain a satisfactory independent element on the Board.

The Board is satisfied that, pending the fulfilment of vacancy pursuant to the resignation of Mr. Chng, its composition of Non-Executive and Independent Directors provides a sufficient combination of core competencies of knowledge, business contacts and extensive business and commercial experience necessary to meet the requirements of the Group and facilitates effective decision-making. The Directors bring with them a wealth of expertise and experience with an appropriate balance and diversity of skills in areas such as accounting, finance, legal, business and management experience and industry knowledge. Its composition enables the management to benefit from a diverse and objective perspective on any issues raised before the Board.

The Board is able to exercise objective judgment on corporate affairs independently from the Management. The Board is of the view that, given its current structure and pending the fulfilment of vacancy pursuant to the resignation of Mr. Chng, there is sufficient independent element on the Board to enable independent exercise of objective judgment on the Group's corporate affairs by members of the Board, taking into account factors such as the number of Independent Directors on the Board as well as the size and scope of the affairs and operations of the Group.

The Non-Executive Directors constructively challenge, review and discuss key issues, assist in developing proposals on strategy, review the performance of management in meetings, identify goals and monitor the reporting of performance. The Non-Executive Directors will meet periodically without the presence of the Management to facilitate a more effective check on the Management and will provide feedback to the Board as appropriate. All Directors take decisions objectively in the interests of the Company. No individual or group of individuals dominates the Board's decision-making.

CHAIRMAN AND MANAGING DIRECTOR

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Board subscribes to the principle set out in the Code on the separation of the roles of the Chairman and the Managing Director. The roles and responsibilities of the Chairman and the Managing Director in the Company are distinct and separate. This is to ensure appropriate balance of power and authority, accountability and decision making.

The Chairman, Mr Ng Teck Wah, is a Non-Independent Non-Executive Director. He and Mr Andrew Roach Reddy, the Managing Director, are not related to each other. The Managing Director is responsible for the day-to-day management of the affairs of the Group. He takes a leading role in developing and expanding the businesses of the Group and ensures that the Board is kept updated and informed of the Group's business.

The Chairman's responsibilities include:

(a) scheduling meetings and leading the Board to ensure its effectiveness and approving the agenda of Board meetings in consultation with the Managing Director;

(b) reviewing key proposals and Board papers before they are presented to the Board and ensuring that Board members are provided with accurate and timely information in order to make sound and informed decisions;

(c) encouraging active and effective engagement, participation by and contribution from all Directors, and ensuring appropriate relations within the Board and between the Board and the Management on various matters including strategic issues and business planning processes;

(d) promoting effective communication with the shareholders;

(e) promoting high standards of corporate governance with the support of all Directors, Company Secretary and the Management; and

(f) promoting a culture of openness and debate at the Board.

The Board has a Lead Independent Director prior to the resignation of Mr. Chng on 11 May 2020. The Independent Directors meets periodically and prior to his resignation, the Lead Independent Director will provide feedback to the Chairman after such meeting. The Lead Independent Director is available to shareholders where they have concerns and for which contact through the normal channels of the Chairman, the Managing Director or the Group Chief Financial Officer has failed to resolve such concerns or for which such contact is not inappropriate. It is the intention of the Company to appoint a Lead Independent Director within 2 months, and in any case not later than 3 months from the date of Mr. Chng's resignation. Prior to the appointment of the new Lead Independent Director, the shareholders can raise their concerns to the other independent director of the Company.

BOARD MEMBERSHIP

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

Following Mr. Chng's resignation as the Lead Independent Director on 11 May 2020 where he had concurrently relinquished his position as a member of the NC, the NC as at the date of this Report comprised of two members, all of them are Non-Executive Directors. The Chairman of the NC is independent. The Company is not in compliance with the Code to have at least 3 directors, the majority of whom are independent, as members of the NC. The Company shall endeavour to fill the vacancy of the NC member within 2 months, and in any case not later than 3 months from the date of Mr. Chng's resignation.

The NC as at the date of this Report comprises:

Mr Er Kwong Wah	(Chairman and Independent Non-Executive Director)
Mr Ng Teck Wah	(Member and Non-Independent Non-Executive Chairman)

The Chairman of the NC is not associated with the substantial shareholders of the Company.
The NC has adopted specific written terms of reference and is scheduled to meet at least once a year, whose principal functions among others, include the following:

(a) to identify, review and recommend candidates for appointment as Directors of the Company and appointment to the Board Committees as well as senior management positions in the Company;

(b) to re-nominate, appoint and re-appoint Directors having regard to the Director's contribution and performance;

(c) to determine annually whether or not a Director is independent;

(d) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations;

(e) to formulate succession plan for Directors, in particular, the Chairman and the Managing Director;

(f) to review the Board's structure, size and composition, having regard to the principles of corporate governance and the Code;

(g) to make recommendation to the Board on the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;

(h) to assess the effectiveness of the Board as a whole and assess the contribution of each individual director to the effectiveness of the Board on an annual basis;

(i) to review training and professional development programs for the Board; and

(j) to ensure that new Directors are aware of their duties and obligations.

When a Director chooses to retire or the need for a new director arises, either to replace a retiring Director or to enhance the Board's strength, the NC reviews and assesses the potential candidates before making recommendations to the Board. The NC takes into consideration the qualification and experience of each candidate, his/ her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.

In searching for suitable candidates to fill up any Board vacancy, the Company relies on the network of the Board and shareholders. The NC reviews and assesses candidates for directorship as may be nominated by the Board, shareholders or otherwise, before making recommendations to the Board. The NC takes into consideration the candidate's track record, age, qualification, experience, capabilities and other relevant factors such as ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. Upon assessment and being satisfied with the suitability of the candidate, the NC makes recommendation to the Board for the approval of the appointment.

Pursuant to the provision of Article 89 of the Company's Constitution, at least one third of the Directors are required to retire by rotation from office and subject themselves to re-election by the shareholders at every annual general meeting. Every Director must retire from office at least once in every three years as prescribed by Rule 720(4) of the Catalist Rules. A retiring Director is eligible for re-election. In addition, Article 88 of the Company's Constitution provides that a newly appointed Director must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to retire by rotation at least once every three years.

At the forthcoming AGM, Mr. Andrew Roach Reddy will be retiring and is eligible for re-election pursuant to Article 89 of the Company's Constitution.

The NC has recommended to the Board that Mr Andrew Roach Reddy be nominated for re-election at the forthcoming AGM in accordance with Article 89 of the Company's Constitution. In making its recommendation, the NC evaluates such Director's competencies, commitment, contribution and performance, such as their attendance at meetings of the Board and Board Committees, where applicable, participation, candour and any special contributions.

The NC is also responsible for determining annually, and as and when circumstances required, the independence of Directors, taking into account the factors set out in the Code. In its annual review, the NC, having considered the guidelines set out in the Code and Rule 406(3)(d) of the Catalist Rules, has confirmed the independence status of the Independent Director of the Company, namely Mr Er Kwong Wah. Mr Er Kwong Wah do not have any relationships, including immediate family relationships, with the Directors, the Company, its related corporations, its officers or substantial shareholders (as defined in the Code), which may affect his independence.

All Directors are required to declare their board representations. The NC has reviewed the current board representations of the Directors and the Board is of the view that its assessment should not be restricted to the number of board representations of each Director. Based on the annual review, the Board is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

There is no alternate director that has been appointed to the Board.

Key information regarding the Directors' academic and professional qualifications and other appointments is set out in this Report under the heading "Board of Directors".

The dates of initial appointment, last re-election/re-appointment and the directorships of each of the Directors are set out below:

Director	Date of Initial Appointment	Date of Last Re-Election	Directorship/Chairmanship both present and those held over the preceding 3 years in other listed companies and other principal commitments
Mr Ng Teck Wah	1 March 2012	24 July 2019	Other principal commitments Founding and Managing Partner of Tremendous Asia Partners Group Present directorship – Past directorship in past 3 years –
Mr Andrew Roach Reddy	1 March 2012	28 April 2017	Other principal commitments – Present directorship – Past directorship in past 3 years –
Mr Er Kwong Wah	20 September 2018	24 July 2019	Other principal commitments – Present directorship COSCO Shipping International (Singapore) Co., Ltd CFM Holdings Limited The Place Holdings Limited Ecowise Holdings Limited Luxking Group Holdings Ltd Past directorship in past 3 years China Environment Ltd GKE Corporation Limited Success Dragon International Holdings Ltd China Sky Chemical Fiber Co., Ltd. (under judicial management) China Essence Group Ltd (Delisted)

BOARD PERFORMANCE

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

Board Evaluation

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board and its Board Committees by having the Directors complete the Board Performance Evaluation Forms. The completed evaluation forms were submitted to the Company Secretary for collation and the consolidated findings were analysed and presented to the NC for review before submitting to the Board for discussion with a view to implementing certain recommendations to further enhance the effectiveness of the Board. No external facilitator was engaged in FY2019 in conducting the assessment of the Board's performance.

The performance criteria for the Board evaluation are in respect of the Board's processes, independence, information, accountability, performance in relation to discharging its principal functions, and the Board Committees' performance in relation to discharging their responsibilities as set out in their respective terms of reference. The NC considers that the present Board size facilitates effective decision making and is appropriate for the nature and scope of the Group's operations. The NC will constantly examine its size with a view to determining its impact upon its effectiveness.

The NC, in assessing the contribution of each Director, has considered the Directors' attendance and participation at the Board Meetings and the Board Committee Meetings, their qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including management's access to the Directors for guidance or exchange of views as and when necessary. In assessing the effectiveness of the Board as a whole, both quantitative and qualitative criteria are considered. Such criteria include return on equity and the achievement of strategic objectives. The Chairman should 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 or seek the resignation of Directors.

Each member of the NC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Following Mr. Chng's resignation as the Lead Independent Director on 11 May 2020 where he had concurrently relinquished his position as Chairman of the RC, the RC as at the date of this Report comprised of two members, all of them are Non-Executive Directors. The Company is not in compliance with the Code to have at least 3 directors, the majority of whom, including the Chairman of the RC, are independent. The Company shall endeavour to fill the vacancy of the Chairman of the RC within 2 months, and in any case not later than 3 months from the date of Mr. Chng's resignation.

The RC as of the date of this Report comprises:

Mr Ng Teck Wah	(Member and Non-Independent Non-Executive Chairman)
Mr Er Kwong Wah	(Member and Independent Non-Executive Director)

The role of the RC is to review and recommend to the Board a framework of remuneration of the Board and key executives of the Group, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits-in-kind.

The RC has adopted specific written terms of reference and is scheduled to meet at least once a year, whose principal functions among others, include the following:

(a) to review and recommend to the Board in consultation with the Management and the Chairman of the Board a framework of remuneration and to determine the specific remuneration packages and terms of employment for each executive Director and Key Management Personnel of the Company, including those employees related to the Executive Directors and controlling Shareholders of the Company;

(b) to review the service contract of each Director;

(c) to consider whether Directors should be eligible for benefit under long-term incentive schemes;

(d) to review the Company'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; and

(e) to carry out its duties in the manner that it deemed expedient, subject always to any regulations or restrictions that may be imposed upon the RC by the Board from time to time.

As part of its review, the RC shall ensure that:

(i) all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kinds should be covered, taking into account factors such as efforts and time spent, and responsibilities of the Directors. Non-executive Directors are not over-compensated to the extent that their independence may be compromised;

(ii) the remuneration packages should be comparable within the industry and comparable companies and shall include a performance-related element coupled with appropriate and meaningful measures of assessing individual Directors' and senior executives' performances; and

(iii) the remuneration package of employees related to Executive Directors and controlling Shareholders of the Company are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

No Director will be involved in deciding his own remuneration, except in providing information and documents if requested by the RC to assist in its deliberations. The RC, has explicit authority within its terms of reference to seek appropriate expert advice in the field of executive compensation outside the Company on remuneration matters where necessary. There being no specific necessity, the Company did not engage an external remuneration consultant in FY2019.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC takes into consideration industry practices and norms in compensation, in addition to the Company's relative performance to the industry and the performance of the individual Directors. A significant and appropriate proportion of Executive Director's and Key Management Personnel's remuneration should be structured so as to link rewards to corporate and individual performance. The RC, in establishing the framework of remuneration policies for its Directors and Key Management Personnel, is largely guided by the financial performance of the Company. The primary objective of the RC is to align the interests of the Management with that of the shareholders. In this regard, the RC believes that remuneration should be competitive and sufficient to attract, retain and motivate the Executive Director and Key Management Personnel to better manage the Company.

The Non-Executive Directors (including Independent Directors) do not have any service contracts with the Company. They are paid in accordance with a remuneration framework comprising basic fees and additional fees for serving as the Chairman of the Board and on any of the Board Committees. Directors' fees are subject to the approval of the shareholders at the forthcoming AGM and such payment to be paid quarterly in arrears. The remuneration of the non-executive directors is appropriate to the level of contribution, taking into account factors such as their effort, time spent and responsibilities.

Mr Andrew Roach Reddy, the Executive Director and Managing Director, entered into a service agreement with the Company which took effect from the date of the completion of Chaswood Acquisition on 1 March 2012 for an initial period of three years, and is renewable on a yearly basis thereafter. Pursuant to the recent expiration of Mr Andrew Roach Reddy's service agreement on 29 February 2020 and with the recommendation of the RC in due consultation with the Board, the service agreement of Mr Andrew Roach Reddy has been renewed for a further term of 1 year from 28 February 2020 until 28 February 2021.

The service agreement spells out the terms of employment such as salary and other benefits. Mr Andrew Roach Reddy's service agreement is not excessively long with onerous removal clauses. Under the service agreement, either party may, inter alia, terminate the service agreement by giving to the other party not less than six months' notice in writing, or, in lieu of notice, payment of an amount equivalent to six months' salary.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place as the Company is currently undergoing a restructuring exercise and will consider implementing such scheme in future.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Director and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The RC reviewed and deliberated the Director's fees and remuneration of Key Management Personnel.

A breakdown, showing the level and mix of each Director's remuneration for FY2019, is as follows:

Name of Director	Salary	Director's fees(1)	Other Benefits	Total Remuneration
	%	%	%	%
$250,000 and below				
Executive Director				
Mr Andrew Roach Reddy*	Nil	–	–	Nil
Non-Independent and Non-Executive Director				
Mr Ng Teck Wah*	–	Nil	–	Nil
Independent Directors				
Mr Chng Hee Kok (2)	–	100	–	100
Mr Er Kwong Wah	–	100	–	100

Notes:

(1) The Directors' fees for FY2019 has been approved at the Annual General Meeting held on 24 July 2019.

(2) Mr. Chng Hee Kok resigned as the Lead Independent Director on 11 May 2020 and concurrently relinquished his position as the Chairman of the AC and RC and Member of the NC.

** Andrew Roach Reddy and Ng Teck Wah have voluntarily waived their salary and director's fees respectively for FY2019.*

The remuneration policy for Key Management Personnel takes into consideration the responsibility and performance of individual personnel. A breakdown, showing the level and mix of each of the Company's Key Management Personnel's remuneration for FY2019, is as follows:

Name of Key Management Personnel [(1)]	Title	Salary	Bonus & Other Benefits[(1)]	Total Remuneration
		%	%	%
$250,000 and below				
Mr Tham Keen Tek	Group Chief Financial Officer	86	14	100

Notes:

(1) The other benefits comprise allowances and employers contribution paid to defined contribution plan.

Save as disclosed above, there are no other Key Management Personnel.

After careful consideration in the best interest of the Company, the Company is not disclosing the detailed remuneration of each Director and Key Management Personnel and the aggregate total remuneration paid to Key Management Personnel, as recommended by the Code, to maintain confidentiality of nature of such remuneration given the competitive conditions in the industry. The Company has instead disclosed the remuneration of each Director and Key Management Personnel in remuneration bands, with the provision of a breakdown in percentage terms.

As at the end of FY2019, there were three other employees related to the Managing Director, Mr. Andrew Roach Reddy, and each of their annual remuneration was below S$100,000. Save as disclosed, there are no other employees who are immediate family members of a director or a substantial shareholder of the Company.

The Executive Director and Key Management Personnel remuneration includes fixed salary, allowances, bonus and employers contribution to defined contribution plan. The Company does not provide any termination and retirement benefits to the Executive Director and Key Management Personnel except for post-employment benefit comprising employer's contribution paid to defined contribution plan for the Key Management Personnel which is in the aggregate amount of approximately S$12,773 in FY2019. The Company does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or options in place. Further, the Company does not currently practice short-term or long-term incentive schemes that are subject to performance conditions as the Company is focusing on strengthening the financial position of the Group. Moving forward, the RC may review the need for short-term or long-term incentive schemes when it is appropriate to do so.

The RC conducted annual reviews of the remuneration to ensure that the remuneration of the Executive Director and Key Management Personnel commensurate with their performance and corporate performance of the Company. Please refer to explanation for framework of remuneration policies in Principle 6.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board is responsible for the governance of risk and is fully aware of the need to put in place a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. On an annual basis, the internal audit function prepares an internal audit plan taking into consideration the risks identified which is approved by the AC and audits are conducted to assess the adequacy and the effectiveness of the Group's internal control systems put in place, including financial, operational, compliance and information technology controls and risk management systems. Any material non-compliance or lapses in internal controls, together with recommendation for improvement, are reported to the AC.

The AC has reviewed and, based on the internal control system established and maintained by the Group and reviews performed by the Management, is not aware of any issues causing it to believe that the system of internal controls are inadequate and the same was reported to the Board. Based on the internal controls established and maintained by the Group, work performed by the external auditors as well as reviews performed by the Management, the AC and the Board, the Board with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of the Group within the current scope of the Group's business operations.

The Board reviews the adequacy and effectiveness of the company's risk management and internal control systems on an annual basis. The Board has received assurance from the Managing Director and the Group Chief Financial Officer at the Board Meeting held on 25 February 2020 that the Group's risk management and internal control systems in place 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 controls and risk management systems, also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

The Group recognises the importance of providing the Board with a continual flow of relevant information on an accurate and timely basis so that it may effectively discharge its duties. The Group ensures that price-sensitive information is first publicly released and announced within the prescribed period after review by the Board. The Company ensures compliance with legislative and regulatory requirements, including compliance with the Catalist Rules and to release half-yearly and annual financial results to the shareholders. The half-yearly financial results are released to the shareholders within 45 days of the reporting period while the annual financial results are released to the shareholders within 60 days of the financial year end.

The Management of the Company issues a representation letter to the AC on a half yearly basis confirming the Group financial reporting, processes, control and procedures thereof, highlighting material risks and impacts (if any), and providing updates where necessary on the status of significant financial issues of the Group. During FY2019, the Management had confirmed to the Board that the Group financial reporting, process, control and procedures are proper and in place.

The Board in accordance with Rule 705(5) of the Catalist Rules provides confirmation in the Company's half-yearly financial results announcements and has in August 2019 confirmed that, to the best of its knowledge, nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect.

The Management provides all members of the Board with full presentation of management accounts which present a balanced and understandable assessment of the Group's performance, position and prospects on a half-yearly basis due to resource limitations in view of the scale of the Group's operations but the Management endeavours to provide monthly consolidated reports together with summary performance and financial position of the Group on a monthly basis as and when requested. Such reports provide highlight of key business indicators and major issues relevant to the Group's performance, position and prospects.

AUDIT COMMITTEE

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

Following Mr. Chng's resignation as the Lead Independent Director on 11 May 2020 where he had concurrently relinquished his position as Chairman of the AC, the AC as at the date of this Report comprised of two members and, all of them are Non-Executive Directors. The Company is not in compliance with the Code to have at least three directors, the majority of whom, including the Chairman of the AC are independent, and Rule 704(7) of the Catalist Rules. The Company shall endeavour to fill the vacancy of the Chairman of the AC within two months, and in any case not later than three months from the date of Mr. Chng's resignation.

The AC as of the date of this Report comprises:

Mr Ng Teck Wah	(Member and Non-Independent Non-Executive Chairman)
Mr Er Kwong Wah	(Member and Independent Non-Executive Director)

None of the members of the AC is a former partner or director of the Company's external or internal auditors.

The Board is of the view that the members of the AC who possess the appropriate accounting experience, business and/or related financial management expertise have sufficient financial management expertise and experience to discharge the AC's functions.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC has adopted specific written terms of reference and is scheduled to meet at least two times a year, whose principal functions include the following:

(a) to review with the external auditors the audit plan, their results of the external audit, their letter to management and the management's response, and the independence and objectivity of the external auditors;

(b) to review the adequacy, effectiveness, independence, scope and result of the internal audit function;

(c) to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(d) to review at least annually the adequacy and effectiveness of the Company's internal control procedures (including financial, operational, compliance, information technology controls and risk management systems) and effectiveness of the Company's internal audit function, and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);

(e) to review the assurance from the Managing Director and the Group Chief Financial Officer on the financial records and financial statements;

(f) to recommend to the Board on (i) the proposals to the shareholders on the appointment or removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors;

(g) to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

(h) to review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

(i) to oversee the significant matters raised through the whistle-blowing channel;

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

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

The AC met with external and internal auditors, without the presence of the Company's Management, at least once a year to review the overall scope of the external audits, and the assistance given by the Management to the auditors.

On a half-yearly basis, the AC reviews the interested person transactions and the financial results announcements (on a half-yearly basis) before their submission to the Board for approval.

The AC is kept abreast by the Management of changes to accounting standards, the Catalist Rules and other regulations which could have an impact of the Group's business and financial statements.

During the financial year, the AC has reviewed the scope and quality of audit by the external auditors and their independence and objectivity as well as the cost effectiveness. The AC has also reviewed the audit and non-audit fees paid to the external auditors. There are no non-audit services performed by the external auditors for the FY2019. The AC, having reviewed all non-audit services provided by the external auditors of the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The detailed information on the audit and non-audit fees paid/ payable to external auditors for FY2019 can be found in Notes to the financial statements.

Moore Stephens LLP ("**Moore Stephens**") is the Company's Auditors since 18 September 2015.

Moore Stephens audits all of the Company's Singapore-incorporated subsidiaries and under Rule 718 for the purposes of Rule 716 of the Catalist Rules, the following significant foreign-incorporated subsidiaries are audited by the below mentioned auditing firms:

Name of subsidiary	Country of incorporation	Auditing firm
Bistro Italiana (TC) Sdn Bhd	Malaysia	Morison AAC

The Board and the AC are satisfied that the appointment of the different auditors of the abovementioned foreign-in corporated subsidiary would not compromise the standard and effectiveness of the audit of the Group. The Company confirms that it is in compliance with Rule 712 and 716 of the Catalist Rules in relation to the appointment of auditors for the Group.

The AC has recommended to the Board that Moore Stephens to be re-appointed as the auditors of the Company at the forthcoming AGM.

Internal Audit

The AC is responsible in ensuring that internal control system has been appropriately implemented and monitored. The internal audit function was outsourced to PKF Advisory Sdn Bhd ("**Internal Auditors**"). The AC approves the hiring, removal, evaluation and compensation of the outsourced internal auditing firm. The Internal Auditors have unfettered access to the accounting, records, properties and personnel of the Company, including the AC.

The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made.

The internal audit function is independent and the Internal Auditors reports directly to the AC on audit matters and to the Managing Director and/or Group Chief Financial Officer on administrative matters. The Internal Auditors assists the Board in monitoring and managing risks and internal controls of the Group.

The AC reviews and approves the plan, findings and recommendations presented by the Internal Auditors. The Management together with the Board will review all audit reports and findings from the Internal Auditors and the external auditors during the AC meetings at least annually.

During FY2019, the Internal Auditors was tasked to evaluate the effectiveness of internal controls with respect to a subsidiary company in Malaysia. As the ongoing restructuring exercise of the Group was the main focus of the Management which is crucial to improve the financial position of the Group, the internal audit was scheduled to commence only in March March 2020. However, due to the COVID-19 pandemic outbreak, the Government of Malaysia announced the enforcement of a Movement Control Order (currently known as Conditional Movement Control Order) ("**CMCO**") which commenced from 18 March 2020 up to 9 June 2020 where business premises except for those providing essential services were shutdown in the earlier phases of the CMCO period. Thus, the Internal Auditors were not able to access to the Company's office to conduct the internal audit review as scheduled.

Nevertheless, the internal audit will be carried out and a review report will be presented to the AC after the CMCO is lifted, focusing on findings of the existence and adequacy of the subsidiaries' operational controls and recommendations to be made by the Internal Auditors. In the event the review report presented by the Internal Auditors presents negative findings which affect the AC's opinion mentioned in this Annual Report, the Company will make the necessary announcement on the details.

The AC reviews the adequacy and effectiveness of the internal audit function on an annual basis and is satisfied that the internal audit function performed by the Internal Auditors is independent, adequately resourced, effective and has the appropriate standing within the Group. The internal audit work performed by the Internal Auditors is based on the relevant internal audit standards.

Notwithstanding the unavailability of the review report from the Internal Auditors for FY2019, based on (i) internal controls established and maintained by the Group, (ii) work performed by the external auditors, (iii) reviews performed by the Management, and (iv) assurance received from the Managing Director and Group Chief Financial Officer that the internal control systems in place are adequate, the AC is not aware of any issues causing it to believe that the system of internal controls are inadequate and the same was reported to the Board.

The Board recognises that no cost effective internal control system will preclude all errors and irregularities as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss. The AC is not aware of any issues causing it to believe that the system of internal controls is inadequate and the same was reported to the Board. Based on the aforesaid, the AC and the Board are satisfied that currently there is an adequate internal controls system in the Company in addressing financial, operational, compliance and information technology risks. The Board regularly reviews the effectiveness of all internal controls, including operational controls. The AC oversees and monitors the implementation of any improvement thereto.

Whistle-blowing policy

The Company has put in place a whistle-blowing policy to provide an avenue to all employees and external parties to report any concern or complaint regarding questionable accounting or auditing matters, internal controls, disclosure matters, conflict of interest, insider trading, collusion with competitors, serious breaches of the Group policy, unsafe work practices or any other matters involving fraud, corruption and employee misconduct.

No whistle-blowing report regarding the abovementioned concerns was received by the AC during the financial year under review.

A dedicated and secured e-mail address is established to allow whistle-blowers to contact the AC members directly. All concerns or irregularities raised will be treated in confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The AC members may, in consultation with the Managing Director and/or senior management, direct the complaint to the division or department best placed to address it, or lead the investigation to ensure prompt and appropriate investigation and resolution.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a half-yearly basis and other ad hoc announcements as required by the SGX-ST. The Company's Annual Report is accessible at the SGX-ST's and the Company's website.

The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis. Shareholders are informed of shareholders' meetings, including the rules governing the meetings, through notices published in the newspapers or reports or circulars sent to all shareholders. Each item of special business included in the notice of the meeting is accompanied by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meetings. The Chairmen of the AC, RC and NC are normally available at the meetings to answer those questions relating to the work of these committees. The external auditors are also present to assist the directors in addressing any relevant queries by shareholders.

Since 3 January 2016, the legislation has been amended, among other things to allow certain members, defined as "relevant intermediary" under Section 181(1C) of the Companies Act, Chapter 50, to attend and participate in general meetings without being constrained by the two (2)-proxy requirement. Relevant intermediary includes holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors. As a result, the relevant intermediaries are entitled to appoint more than two (2) proxies to attend, speak and vote at the general meetings of the Company. As the authentication of Shareholders' identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means. The Board will review its Constitution from time to time. Where amendment to its Constitution is required to align the relevant provisions with the requirements of the Catalist Rules, Shareholders' approval will be obtained.

The Company supports active shareholder participation at general meetings. The shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and development. In the event that the shareholders are unable to attend the meetings, they are allowed to appoint up to two proxies to attend and vote in place of the shareholders pursuant to the Constitution of the Company. The Company does not encourage voting in absentia.

At general meetings, separate resolutions will be set out on distinct issues for approval by shareholders.

For the AGM held in FY2019, all the four directors (including the Chairman, executive director and chairman of all the board committees) were attended via physical attendance or teleconference call. The Company's external auditors, Moore Stephens, will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company prepares minutes of general meetings and include where necessary, substantial and relevant queries or comments from the shareholders relating to the agenda of the meeting and the responses from the Board and the Management. The minutes would be available to the shareholders upon their request. The Company will publish minutes of AGM FY2019 on its corporate website as soon as practicable.

All resolutions put forth at the general meetings are to be voted by poll. Voting results of all votes cast for and against each resolution and the respective percentage will be announced via the SGXNET.

The Group does not have a policy on payment of dividends at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's cash position, cash flow in relation to operating activities, projected capital requirements for business growth and other factors as the Board may deem appropriate. After review, the Board has not declared dividends for FY2019 as the Company is loss making and is currently undertaking a restructuring exercise.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

With the Investor Relations ("IR") Policy to regularly convey pertinent information to shareholders, the Company is committed to disclose as much relevant information as possible to shareholders in a timely basis through SGXNet and other information channels, including a well-maintained and updated corporate website - www.chaswood.com.my containing various investor-related information on the Company which serves as an important resource for investors.

To enable shareholders to contact the Company easily, the contact details of the IR team is set out on the Company's website.

Shareholders meetings are the principal forum for dialogue and interaction with shareholders including soliciting and understanding their views. During these meetings, shareholders are given the opportunity to voice their views and ask Directors and/or Management relevant questions regarding the Company and the Group. These meetings provide excellent opportunity for the Board to engage with shareholders to solicit their feedback. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notice is also release via SGX-NET and published in local newspapers. Shareholders may provide feedback through the Company's designated email address - invest@chaswood.com.my, provided in the Company's corporate website.

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve management strategies, as well as to sustain business operations for long-term growth.

The stakeholders have been identified as entities or individuals who are either directly or indirectly involved in the Group are aligned with those of the stakehon the Group and may be significantly impacted by how the Group operates. The key stakeholders include the investors, shareholders, government, regulators, employees and customers. The Company identified and prioritised the factors and ranked them in accordance to importance to the stakeholders and importance to the Group.

The Company has undertaken a process to determine the environmental, social and governance ("ESG") factors which are important to these stakeholders. A more detailed elaboration on the Company's sustainability strategy and key areas of focus in relation to the management of stakeholder relationship is set out in the Sustainability Report 2019 which was publish separately from the annual report on 29 May 2020.

All media releases, financial results, annual report, SGXNET announcements and other corporate information relating to the Group are available on the Company's website at www.chaswood.com.my.

DEALINGS IN SECURITIES

The Company has adopted as its own internal compliance code, the best practices guide in Rule 1204 (19) of the Catalist Rules with regard to dealing in the Company's securities by the Directors and its officers. The Directors, the Management and the officers of the Group are prohibited from dealing in the Company's shares during the period commencing one month before the announcement of the Company's half year and full year financial results and ending on the date of announcement of the relevant results. They are also prohibited from dealing in the Company's shares on short-term consideration and while they are in possession of unpublished price-sensitive, financial or confidential information. Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

MATERIAL CONTRACTS

All other material contracts entered into between the Company and its subsidiaries involving the interests of the Chairman, any Director or controlling shareholder during the financial year under review have been disclosed in the Interested Person Transaction section below.

Save as disclosed under Interested Person Transaction section below and in the financial statements, there were no material contracts have been entered into by the Company, since the end of the previous financial year.

INTERESTED PERSON TRANSACTION ("IPTs")

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The Group does not have any general mandate from shareholders for Interested Person Transactions.

The Board and the AC has reviewed the IPTs entered during the FY2019 by the Group and the aggregate value of IPTs entered during the FY2019 is as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
TAP Venture Fund I Pte. Ltd. (1) Interest expenses on Exchangeable Bond	250	Not applicable - the Company does not have a shareholders' mandate under Rule 920

Note:

(1) *Interest expenses paid to and subscription of Exchangeable Bonds by TAP Venture Fund I Pte. Ltd. (the "Investor"), a company in which Mr Ng Teck Wah (a substantial shareholder and Director of the Company) is deemed interested in by virtue of the Investor being a private equity investment company managed by TAP Private Equity Pte. Ltd. ("TAPPE") on a full discretionary basis and TAPPE is in turn wholly owned by Attilan Group Limited.*

To avoid a potential conflict of interest arises, Mr Ng Teck Wah does not participate in discussions and refrain from exercising any influence over other members of the Board.

(2) *The interest rate is 10% per annum. The Exchangeable Bonds are redeemable on the maturity date which is 3 years from the date of issue of the Exchangeable Bonds. Please refer to Note 22A to the financial statements for more details.*

Apart from the above, there were no other IPTs during the financial year.

NON-SPONSOR FEES

The Continuing Sponsor of the Company is Asian Corporate Advisors Pte. Ltd. There was no non-sponsor fee paid by the Company in FY2019.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720 (5) of the Catalist Rules, the information relating to the directors who are seeking for re-election at the forthcoming Annual General Meeting of the Company, as set out in Appendix 7F to the Catalist Rules, is set out below:

Details	Name of Director
	Mr Andrew Roach Reddy
Age	63
Date of Appointment	1 March 2012
Date of last re-appointment (if applicable)	28 April 2017
Country of principal residence	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered among others, the recommendation of the Nominating Committee and has reviewed and considered Mr Andrew Roach Reddy, possess the requisite qualification and experience to carry out his duties as the Executive and Managing Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for the management of the affairs of the Group.

CORPORATE GOVERNANCE REPORT

Details	Name of Director
	Mr Andrew Roach Reddy
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive and Managing Director
Professional qualifications	Masters of Business Administration in General and Strategic Management (Honorary) from the Maastricht School of Management, Netherlands
Working experience and occupation(s) during the past 10 years	Executive and Managing Director of the Chaswood Resources Group (2002 – current)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 58,310,906 shares
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	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes
Other Principal Commitments* Including Directorships	Past Directorships (for the last 5 years) ● Bistroamericana (SJ) Sdn Bhd ● Bistro Italiana (JB) Sdn Bhd ● Bistro Italiana (SJ) Sdn Bhd ● Teh Tarik Place (SA) Sdn Bhd ● Bistroamericana (WW) Sdn Bhd ● Bistroamericana (SA) Sdn Bhd ● Bistro Italiana (PM) Sdn Bhd ● Bistroamericana (PM) Sdn Bhd ● Bulgogi Brothers Restaurant Sdn Bhd ● Bistro Italiana (TG) Sdn Bhd ● The Apartment (BB) Sdn Bhd ● Bistroamericana (M) Sdn Bhd ● Trinity Square Sdn Bhd ● Bistro Italiana (TC) Sdn Bhd ● Bistro Italiana (BB) Sdn Bhd ● Bistro Italiana (EC) Sdn Bhd ● Bistro Italiana (MT) Sdn Bhd ● Bistromalones (BB) Sdn Bhd ● Bistromalones (S) Sdn Bhd ● Curry Leafs Sdn Bhd ● Café Baci Sdn Bhd ● Bistrojapan (BB) Sdn Bhd ● Bistrojapan (BU) Sdn Bhd ● Bistrojapan (PM) Sdn Bhd ● Bistroamericana (IOI) Sdn Bhd ● The Apartment Sdn Bhd ● Bistroamericana (MT) Sdn Bhd ● Bistroamericana (EC) Sdn Bhd ● Bistroamericana (TG) Sdn Bhd ● Chaswood Resources Sdn Bhd ● Bistroamericana (TC) Sdn Bhd ● Bistroamericana (BB) Sdn Bhd ● Bistroamericana (SP) Sdn Bhd

Details	Name of Director
	Mr Andrew Roach Reddy
Other Principal Commitments* Including Directorships	Past Directorships (for the last 5 years) ● Bistroamericana (QB) Sdn Bhd ● Bistroamericana (BU) Sdn Bhd ● Bistroamericana (Hartamas) Sdn Bhd ● Teh Tarik Place Sdn Bhd ● Bistroamericana (PJ) Sdn Bhd ● Bistroamericana (A) Sdn Bhd ● Craveat International Sdn Bhd (formerly known as Bistromalones (PJ) Sdn Bhd) Present Directorships ● Chaswood Resources Pte Ltd ● Chaswood Resources (OR) Pte Ltd ● Bistroamericana (KM) Pte Ltd ● Chaswood Capital Pte. Ltd. ● Bistromalones (313) Pte Ltd ● Chaswood Global Pte. Ltd. ● Chaswood Sino Pte. Ltd. ● PT Chaswood Resources ● PT Chaswood Resources Jakarta ● PT Chaswood Resources BB ● Chaswood Resources (Thailand) Co., Ltd ● Chaswood Resources (HK) Private Limited ● Yi Jun Restaurant Management (Shanghai) Co Ltd ● Chaswood Restaurant Management (Beijing) Co. Ltd ● Chaswood Restaurant Management Shanghai Co., Ltd. ● Laundry Productions Sdn. Bhd. ● Silvercrest Synergy Sdn. Bhd. ● Knotts Landing Pty Ltd Other Principal Commitments -
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was fi led against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. He was a former director of Bistroamericana (SA) Sdn Bhd and Bistro Italiana (JB) Sdn Bhd which has been wound up under Malaysia's Companies (Winding-up) Rules 1972. He was also a former director of Bistroamericana (SJ) Sdn Bhd which has received a winding up petition under Malaysia's Companies (Winding-up) Rules 1972.

Details	Name of Director
	Mr Andrew Roach Reddy
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

Details	Name of Director
	Mr Andrew Roach Reddy
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-	
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Chaswood Resources Holdings Ltd (the "Company") and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019, and the statement of financial position of the Company as at 31 December 2019.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position 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 31 December 2019, and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due as disclosed in Note 3(a) to the financial statements.

1. Directors

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

Ng Teck Wah	-	Non-Independent Non-Executive Chairman
Andrew Roach Reddy	-	Executive Director and Managing Director
Er Kwong Wah	-	Independent Non-Executive Director

2. Arrangements to Enable Directors to Acquire Shares and Debentures

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

3. Directors' Interests in Shares and 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 and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Shareholdings registered in the name of director or nominee		Shareholdings in which a director is deemed to have an interest	
Name of Directors	As at 1.1.2019	As at 31.12.2019	As at 1.1.2019	As at 31.12.2019
The Company				
Number of ordinary shares				
Andrew Roach Reddy	58,310,906	58,310,906	-	-
Ng Teck Wah[1]	-	-	163,482,328	163,482,328

(1) By virtue of Section 7 of the Act, Ng Teck Wah is deemed interested in all shares held by Posh Corridor Sdn. Bhd. in the Company, through his deemed interest of 33.3% (2018: 33.3%) in Attilan Group Limited, a company incorporated and domiciled in Singapore. Posh Corridor Sdn. Bhd. is a subsidiary of Dragon rider Opportunity Fund L.P., which is a fund managed by TAP Private Equity Inc which is in turn wholly owned by Attilan Group Limited.

By virtue of Section 7 of the Act, the above directors with shareholdings are deemed to have an interest in the Company and in all the related corporations of the Company.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2020.

4. Share Options

Options Granted
During the financial year, no option to take up unissued shares of the Company or any subsidiary was granted.

Options Exercised
During the financial year, there were no shares of the Company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

Options Outstanding
At the end of the financial year, there were no unissued shares of the Company or any subsidiary under option.

The Company does not have any option scheme in place.

5. Audit Committee

The members of the Audit Committee ("AC") at the date of this statement are as follows:

Er Kwong Wah	Member
Ng Teck Wah	Member

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- to review with the external auditors the audit plan, their results of the external audit, their letter to management and the management's response, and the independence and objectivity of the external auditors;
- to review the adequacy, effectiveness, independence, scope and result of the internal audit function;
- to review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- to review at least annually the adequacy and effectiveness of the Company's internal control procedures (including financial, operational, complance, information technology controls and risk management systems) and effectiveness of the Company's internal audit function, and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- to review the assurance from the Managing Director and the Group Chief Financial Officer on the financial records and financial statements;
- to recommend to the Board on (i) the proposals to the shareholders on the appointment or removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors;
- to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;
- to review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;
- to oversee the significant matters raised through the whistle-blowing channel;
- to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- to undertake such other functions and duties as may be required by the legislation, regulations or the Catalist Rules, or by such amendments as may be made thereto from time to time.

The Company confirms that Rules 712 and 716 of the Singapore Exchange Securities Trading Limited's Listing Manual have been complied with.

Other functions performed by the AC are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provides non-audit services (if any).

6. Independent Auditor

The independent auditors, Moore Stephens LLP, have expressed their willingness to accept re-appointment as the auditors.

On behalf of the Board of Directors,

…………………………..............
Ng Teck Wah
Director

…………………………..............
Andrew Roach Reddy
Managing Director

11 June 2020

Report on the Audit of the Financial Statements

1. We were engaged to audit the financial statements of Chaswood Resources Holdings Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Disclaimer of Opinion

2. We do not express an opinion on the consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we do not have sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

3. Our Auditor's Report dated 3 July 2019 on the consolidated financial statements for the previous year ended 31 December 2018 contained a disclaimer opinion on the following matters:

   a) Limitation of scope on the audit of Chaswood Resources Sdn Bhd and its subsidiaries (the "CRSB Group")
   b) Appropriateness of the Going Concern Assumption

   Item (a) is not resolved in the current financial year and is discussed in paragraphs 4 to 7. Item (b) is further discussed in paragraphs 8 to 10.

<u>Limitation of scope on the audit of Chaswood Resources Sdn Bhd and its subsidiaries ("CRSB Group")</u>

4. As disclosed in Note 19A to the financial statements, the Group had successfully disposed of the CRSB Group, save for Bistro Italiana (TC) Sdn Bhd ("BI(TC)") now held directly by the Company, on 4 October 2019. Included in the Group's consolidated income statement for the financial year ended 31 December 2019 was the loss for the year from discontinued operations of RM13,818,000, inclusive of the loss on disposal of RM11,431,000 arising from the divestment of the CRSB Group, determined based on the unaudited financial statements of the CRSB Group up to the date of disposal.

5. We were not provided with the information and explanations that we considered necessary to audit the financial statements of the CRSB Group. We were also unable to carry out alternative audit procedures to satisfy ourselves as to the accuracy of the loss for the year from discontinued operations of RM13,818,000, including the loss on disposal of RM11,431,000 arising from the disposal of the CRSB Group and the reclassification of translation reserves to profit and loss amounting to RM31,516,000. Consequently, we were unable to determine whether any adjustments and/or additional disclosures to the financial statements were necessary.

6. We were not provided with the information and explanation that we considered necessary to audit the opening balance of the carrying amount of the trade and other payables of BI(TC) now held directly by the Company. We were unable to perform alternative procedures to satisfy ourselves as to the accuracy and completeness of the opening balance of the carrying amount of the trade and other payables of BI(TC) which affects the determination of the Group's financial performance from continuing operations and the Group's opening accumulated loss for the current financial year. Consequently, we were unable to determine whether any adjustments and/or additional disclosures to the financial statements were necessary.

7. As disclosed in Note 19A to the financial statements, the CRSB Group contributed RM23,697,000 and RM89,571,000 to the Group's total assets and total liabilities as at 31 December 2018 respectively. The CRSB Group also contributed RM88,521,000 and RM96,563,000 to the Group's total revenue and total expenses for the financial year ended 31 December 2018. We were unable to obtain sufficient financial information in relation to the completeness, existence and accuracy of the amounts recorded and classified as assets and liabilities directly associated with the disposal group to be sold as well as the loss for the year from discontinued operations. Consequently, we were unable to determine whether any adjustments and/or additional disclosures to the previous years' financial statements ended 31 December 2018 was necessary. Our opinion on the current year's financial statements of the Group is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Basis for Disclaimer of Opinion (cont'd)

Appropriateness of the Going Concern Assumption

8. As disclosed in Note 3(a) to the financial statements, the Group incurred a loss after tax of RM20,956,000 (2018: RM9,979,000) for the current financial year ended 31 December 2019. As at 31 December 2019, the Group's and Company's current liabilities exceeded their current assets by RM62,311,000 (2018: RM72,683,000) and RM60,464,000 (2018: RM48,620,000) respectively. In addition, the Group and the Company had negative total equity of RM61,049,000 (2018: RM71,456,000) and RM60,464,000 (2018: RM48,620,000) as at 31 December 2019.

9. These conditions along with other matters as set forth in Note 3(a) to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business. Management has prepared the financial statements on a going concern basis on the assumption that the Group and the Company will continue as going concerns. The ability of the Group and the Company to continue as going concerns is dependent on certain assumptions and the successful outcome of the various efforts by the Group disclosed in Note 3(a) to the financial statements, the outcome of which is inherently uncertain.

10. In light of the material uncertainties discussed above, we do not have sufficient audit evidence regarding the use of the going concern assumption in the preparation of the financial statements. Consequently, we are unable to form a view as to the use of the going concern assumption in the preparation of these financial statements.

Responsibilities of Management and Directors for the Financial Statements

11. Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) (the "SFRS(I)s"), 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.

12. 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our responsibility is to conduct an audit of the Company's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

15. We are independent of the Company 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.

Report on Other Legal and Regulatory Requirements

16. 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 auditor have been properly kept in accordance with the provisions of the Act.

17. The engagement partner on the audit resulting in this independent auditor's report is Ms Lao Mei Leng.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore

11 June 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Notes	Group 2019 RM'000	Group 2018 RM'000
Continuing operations			
Revenue	5	2,760	3,603
Cost of sales		(950)	(1,508)
Gross profit		1,810	2,095
Other items of income			
Other gains	6	1,560	148
Other expense items			
Marketing and distribution costs		(32)	(22)
Administrative expenses	7	(9,831)	(3,418)
Other expenses	8	(243)	(125)
Finance cost	9	(43)	-
Loss before tax from continuing operations		(6,779)	(1,322)
Income tax expense	10	(359)	(190)
Loss for the year from continuing operations		(7,138)	(1,512)
Discontinued operations			
Loss for the year from discontinued operations	19A	(13,818)	(8,467)
Total loss for the year		(20,956)	(9,979)
Other comprehensive income/(loss), net of income tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation foreign operations			
- (Loss)/Gain on translation of foreign operations		(153)	604
- Reclassification	14	31,516	-
Total comprehensive income/(loss) for the year		10,407	(9,375)
Loss for the year attributable to:			
Owners of the Company		(20,956)	(9,965)
Non controlling interests		-	(14)
Loss after tax		(20,956)	(9,979)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		10,607	(9,346)
Non controlling interests		(200)	(29)
Total comprehensive income/(loss) for the year		10,407	(9,375)
Loss per share			
- Basic and diluted for continuing and discontinued operations	11	(8.3)	(4.0)
- Basic and diluted for continuing operations	11	(2.8)	(0.6)

	Notes	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property and equipment	12	2,421	1,359	-	-
Intangible assets	13	-	-	-	-
Investment in subsidiaries	14	-	-	-	-
Investment in associate	25	-	-	-	-
		2,421	1,359	-	-
Current assets					
Inventories	15	27	57	-	-
Trade and other receivables	16	56	89	1	-
Other assets	17	152	268	-	-
Cash and cash equivalents	18	110	85	-	-
		345	499	1	-
Assets classified as held for sale	19B	-	21,891	-	-
		345	22,390	1	-
TOTAL ASSETS		2,766	23,749	1	-
EQUITY AND LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	10	132	132	-	-
Lease liabilities	24	1,027	-	-	-
		1,159	132	-	-
Current liabilities					
Provision for taxation		456	123	-	-
Trade and other payables	23	62,012	7,951	60,465	48,620
Other financial liabilities	22	-	8	-	-
Lease liabilities	24	188	-	-	-
		62,656	8,082	60,465	48,620
Liabilities directly associated with assets classified as held for sale	19B	-	86,991	-	-
		62,656	95,073	60,465	48,620
Total Liabilities		63,815	95,205	60,465	48,620
Capital and Reserves					
Share capital	20	24,464	24,464	162,132	162,132
Accumulated losses		(115,819)	(94,863)	(252,375)	(240,191)
Other reserves	21	30,739	(824)	29,779	29,439
Equity attributable to owners of the Company		(60,616)	(71,223)	(60,464)	(48,620)
Non-controlling interests		(433)	(233)	-	-
Total equity		(61,049)	(71,456)	(60,464)	(48,620)
TOTAL EQUITY AND LIABILITIES		2,766	23,749	1	-

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2019

	Notes	Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Group							
2019							
Balance as at 1 January 2019		24,464	(824)	(94,863)	(71,223)	(233)	(71,456)
Movement in equity:							
Loss after tax		-	-	(20,956)	(20,956)	-	(20,956)
Reclassification of reserves for disposal of subsidiaries	21A & 21B	-	31,516	-	31,516	-	31,516
Effects of translation of net assets of foreign operations	21A	-	47	-	47	(200)	(153)
Total comprehensive income for the year		-	31,563	(20,956)	10,607	(200)	10,407
Balance as at 31 December 2019		24,464	30,739	(115,819)	(60,616)	(433)	(61,049)
2018							
Balance as at 1 January 2018		24,464	(1,443)	(84,898)	(61,877)	(204)	(62,081)
Movement in equity:							
Loss after tax		-	-	(9,965)	(9,965)	(14)	(9,979)
Effects of translation of net assets of foreign operations	21A	-	619	-	619	(15)	604
Total comprehensive loss for the year		-	619	(9,965)	(9,346)	(29)	(9,375)
Balance as at 31 December 2018		24,464	(824)	(94,863)	(71,223)	(233)	(71,456)

	Notes	Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Company					
2019					
Balance as at 1 January 2019		162,132	29,439	(240,191)	(48,620)
Movement in equity:					
Loss after tax		-	-	(12,184)	(12,184)
Effects of translation of net assets of foreign operations	21A	-	340	-	340
Total comprehensive loss for the year		-	340	(12,184)	(11,844)
Balance as at 31 December 2019		162,132	29,779	(252,375)	(60,464)
2018					
Balance as at 1 January 2018		162,132	(1,079)	(195,265)	(34,212)
Movement in equity:					
Loss after tax		-	-	(44,926)	(44,926)
Effects of translation of net assets of foreign operations	21A	-	30,518	-	30,518
Total comprehensive loss for the year		-	30,518	(44,926)	(14,408)
Balance as at 31 December 2018		162,132	29,439	(240,191)	(48,620)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2019

	Notes	Group 2019 RM'000	Group 2018 RM'000
Cash flow from operating activities			
Loss before income tax from continuing operations		(6,779)	(1,322)
Loss before income tax from discontinued operations		(13,994)	(9,105)
		(20,773)	(10,427)
Adjustment for:			
Amortisation for franchise agreement cost	19A	16	25
Deposits and prepayment written off	29B	593	303
Depreciation of property and equipment	12 & 19A	797	1,165
Impairment loss on property and equipment	29B	-	1,705
Interest expense	19A	570	3,358
Interest expense on lease liabilities	24	43	-
Interest income		-	(48)
Gain on disposal of property and equipment		-	(51)
Loss on disposal of subsidiaries	14	11,431	-
Share of loss of associate	25	-	3
Unrealised loss on foreign exchange		-	260
Operating loss before working capital changes		(7,323)	(3,707)
Inventories		156	1,212
Other assets		1,756	4,840
Trade and other receivables		(61)	342
Trade and other payables		11,994	(4,411)
Cash generated from/(used in) operation		6,522	(1,724)
Tax paid		(400)	(304)
Net cash generated from/(used in) operating activities		6,122	(2,028)
Cash flows from investing activities			
Interest received		-	48
Proceeds from disposal of property and equipment		-	53
Purchase of property and equipment	12	-	(37)
Net cash outflows from disposal of subsidiaries	14	(1,744)	-
Net cash (used in)/generated from investing activities		(1,744)	64
Cash flows from financing activities			
Repayment of borrowings		-	(1,753)
Net finance lease payables		-	(315)
Interest paid on lease liabilities		(43)	-
Principal payment on lease liabilities		(90)	-
Decrease in cash restricted in use		-	1,753
Interest paid		-	(21)
Decrease in bills payable		-	(1,000)
Net cash used in financing activities		(133)	(1,336)

The accompanying notes form an integral part of the financial statements

(cont'd)

	Notes	Group 2019 RM'000	Group 2018 RM'000
Net increase/(decrease) in cash and cash equivalents		4,245	(3,300)
Effect of exchange rate changes		(11)	(140)
Cash and cash equivalents at the beginning of the year		(4,124)	(684)
Cash and cash equivalents at the end of the year	18A	110	(4,124)
Cash and cash equivalents is inclusive of:			
- Cash of disposal group held for sale	19B	-	1,916

Reconciliation of liabilities arising from financing activities:

	1 January 2019 RM'000	**Addition RM'000**	**Cash flows RM'000**	**Non-cash finance costs RM'000**	**31 December 2019 RM'000**
Lease liabilities (Note 24)	-	1,305	(133)	43	1,215

	1 January 2018 RM'000	**Cash flows RM'000**	**Non-cash finance costs RM'000**	**Non-cash Foreign exchange movement RM'000**	**Reclassified as liabilities directly associated with assets classified as held for sale RM'000**	**31 December 2018 RM'000**
Bank borrowings	16,729	(1,753)	2,252	-	(17,228)	-
Finance lease payables	550	(315)	-	-	(235)	-
Exchangeable bonds	9,211	-	1,403	(1,148)	(9,466)	-
Bills payable	1,000	(1,000)	-	-	-	-
Earn out payables	5,630	-	-	-	(5,630)	-
	33,120	(3,068)	3,655	(1,148)	(32,559)	-

The accompanying notes form an integral part of the financial statements

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

1. **General**

Chaswood Resources Holdings Ltd. (the "Company") is listed on the SGX – Catalist Board and is incorporated in Singapore with limited liability. The financial statements are presented in Ringgit Malaysia ("RM"). The registered office is at 80 Robinson Road, #02-00, Singapore 068898.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are described in Note 14.

The financial statements for the financial year ended 31 December 2019 were approved and authorised for issue by the board of directors in accordance with a resolution of the directors on the date of the Directors' Statement.

2. Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)")

Adoption of New and Revised SFRS(I) issued which are effective

On 1 January 2019, the Group has adopted the new or amended SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INTs") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INTs. The adoption of these new or amended SFRS(I) and SFRS(I) INTs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the adoption of SFRS(I) 16 *Leases*:

SFRS(I) 16 *Leases*

SFRS(I) 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives*; and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SFRS(I) 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. Lease incentives (e.g. rent-free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities. Right-of-use assets are tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets*.

2. **Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)")** (cont'd)

Adoption of New and Revised SFRS(I) issued which are effective (cont'd)

SFRS(I) 16 *Leases* (cont'd)

a) For all contracts entered into before 1 January 2019 and that were previously identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4, the Group is exempted from having to reassess whether pre-existing contracts contain a lease. Accordingly, the definition of a lease in accordance with SFRS(I) 1-17 and SFRS(I) INT 4 will continue to be applied to leases entered or modified before 1 January 2019.

b) The Group has, on a lease-by-lease basis:
   - applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
   - relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
   - excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
   - used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

c) The Group has elected not to recognise ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Impact on lessee accounting
On 1 January 2019, the Group has applied a modified retrospective approach that does not restate comparative information. The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets and lease liabilities for the leases were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. As at 1 January 2019, the impact of the adoption of SFRS(I) 16 is not significant to the financial information of the Group.

2. Adoption of New and Revised Singapore Financial Reporting Standards (International) ("SFRS(I)") (cont'd)

Adoption of New and Revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the following standards that have been issued and are relevant to the Group and Company but not yet effective:

		Effective for annual financial periods beginning on or after
	Amendments to References to the conceptional framework in SFRS(I) standards	1 January 2020
SFRS(I) 3	*Amendments to SFRS(I) 3 Business Combination: Definition of a Business*	1 January 2020
SFRS(I) 1-1 and SFRS(I) 1-8	*Amendments to SFRS(I) 1-1 Presentation of Financial Statements and SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*	1 January 2020
SFRS(I) 10 and SFRS(I) 1-28	*Amendments to SFRS(I) 10 and SFRS(I) 1-28 Investments in Associates and Joint Ventures – Sale or contribution of assets between an investor and its associate or joint venture*	Deferred indefinitely, early application is still permitted

The directors expect that the adoption of the standards above will have no material impact on the consolidated financial statements in the period of initial application.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards International ("SFRS(I)"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

3. Summary of Significant Accounting Policies (cont'd)

(a) Basis of Presentation (cont'd)

Going concern

The Group incurred a loss after tax of RM20,956,000 (2018: RM9,979,000) for the current financial year ended 31 December 2019. As at 31 December 2019, the Group's and Company's current liabilities exceeded their current assets by RM62,311,000 (2018: RM72,683,000) and RM60,464,000 (2018: RM48,620,000) respectively. In addition, the Group and the Company had negative total equity of RM61,049,000 (2018: RM71,456,000) and RM60,464,000 (2018: RM48,620,000) as at 31 December 2019.

The Group is also currently undergoing a restructuring exercise to address its deteriorated financial position.

These conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore they may not be able to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, in the preparation of the financial statements, management believes that the use of the going concern assumption is appropriate after taking into consideration the following factors:

- Disposal of Chaswood Resources Sdn. Bhd. and its subsidiaries ("CRSB Group")

On 14 September 2018, the Group entered into a share sale agreement with Tremendous Asia Management Inc. ("TAMI") for the sale of 100% equity interest of Chaswood Resources Sdn. Bhd. ("CRSB") (the "Proposed Disposal 1"). The sole shareholder of TAMI is Tremendous Asset Partners Ltd and the sole director was Mr Ng Teck Wah (resigned as director of TAMI on 12 March 2020), who is the Non-Executive Chairman of the Company and also a director of CRSB.

The Proposed Disposal 1 is a divestment of the Company's 100% equity interest of CRSB and effectively CRSB's subsidiaries, save for Bistro Italiana (TC) Sdn Bhd. ("Excluded Subsidiary"). During the financial year ended 31 December 2019, the CRSB Group subject to disposals (Note 19A) contributed a loss after tax of RM13,818,000 (2018: RM8,467,000), including the loss on disposal of RM11,431,000 arising from the disposal of the CRSB Group (Note 19A). The proposed disposal of CRSB Group was successfully completed on 4 October 2019.

3. Summary of Significant Accounting Policies (cont'd)

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

- Issuance of 1% equity-linked redeemable convertible notes due 2022

On 30 November 2019, the Company entered into a subscription agreement with Advance Opportunities Fund and Advance Opportunities Fund 1 (collectively be known as the "Subscribers") for issuance of 1% equity-linked redeemable convertible notes due in 2022 with an aggregate principal amount of up to S$50,000,000 in four tranches. On 29 May 2020, the Company and the Subscribers (collectively knowns as "Parties") have agreed to amend the definition of "Fulfilment Date", being the last date to satisfy the conditions precedent of the subscription agreement to 30 November 2020 or such other date as the Parties may agree in writing. There are no changes to the other terms and conditions of the subscription agreement.

The proceeds will be utilised for the funding of the Group's working capital and future expansions and investments.

- Moratorium and proposed scheme of arrangement with Singapore scheme creditors ("Singapore SOA")

The Company had on 26 November 2019 filed an application in the High Court pursuant to section 210(1) of the Act for (i) leave to convene a meeting of its creditors for the purposes of considering and, if thought fit, approving with or without modification a proposed scheme of arrangement ("Singapore SOA") to be made between the Company and its creditors ("Creditors' Meeting") and (ii) to obtain an order that no legal action or proceedings against to Company be commenced or continued against the Company from the date of the order to be made herein until the date the Scheme is approved ("Moratorium").

At the hearing held on 12 February 2020, amongst others, leave was granted by the Court for a Creditors' Meeting to be convened and the Moratorium. Details of the other orders made by the Court were announced on 13 February 2020.

During a creditors' meeting held on 30 April 2020, the Singapore SOA was approved by a majority in number representing at least 75% of the total value of the scheme creditors present and voting in person or by proxy at the meeting. The Company's solicitors has filed an application to the Court to obtain its approval of the Singapore SOA and the Court has fixed for the Company's application for hearing on 26 June 2020. Once the Court's approval is obtained, the SOA shall be binding on the Company and scheme creditors. The Singapore SOA is necessary to address the various debt obligations owed by the Company to its creditors.

The completion of the above milestones will also facilitate the resumption proposal to be submitted to the SGX-ST and thereafter provide better value to the stakeholders with the completion of the restructuring exercise.

3. Summary of Significant Accounting Policies (cont'd)

(b) Group Accounting

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Goodwill on acquisitions of subsidiaries and businesses, represents the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous held equity interest in the acquire over the fair value of the investee's identifiable net assets acquired. Goodwill on acquisitions of subsidiaries is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Gains and losses on the disposal of subsidiaries, include the carrying amount of goodwill relating to the entity sold.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent in a business combination are measured initially at their fair values at the acquisition date. The consideration also includes deferred consideration which is measured initially at fair value and subsequently at amortised cost. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; and gains or losses arising from such re-measurement are recognised in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

(b) Group Accounting (cont'd)

Subsidiaries (cont'd)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposal of interests in subsidiaries to non-controlling interests without loss of control are also recorded in equity.

When the Group loses control of the subsidiary, it:

- derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest (including any components of other comprehensive income attributable to them);
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained in the former subsidiary at its fair value;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate; and
- recognises any resulting difference as a gain or loss in profit or loss.

Non-Controlling Interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. Summary of Significant Accounting Policies (cont'd)

(c) Investment in Subsidiaries

Investment in subsidiary companies are carried at cost less accumulated impairment losses in the statement of financial position of the Company.

On disposal of investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments are recognised in the profit or loss.

(d) Revenue Recognition

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 is satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Sale of food and beverages

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

Interest income

Interest income is recognised using the effective interest method.

(e) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset. Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (government managed defined contribution retirement benefit plan).

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

3. Summary of Significant Accounting Policies (cont'd)

(f) Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss.

For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

(g) Foreign Currency Transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Ringgit Malaysia ("RM"), which is the presentation currency for the consolidated financial statements.

Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At the end of each financial year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the financial year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation of the Company's separate financial statements is in Malaysian ringgit as the financial statements are meant primarily for users in Malaysia.

3. Summary of Significant Accounting Policies (cont'd)

(h) Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the financial year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the financial year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant entity.

(i) Segment Reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(j) Borrowing Costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

(k) Property and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold buildings	-	As per lease term of 16.67%
Equipment	-	5% - 20%
Leasehold improvements	-	10%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

3. Summary of Significant Accounting Policies (cont'd)

(k) Property and Equipment (cont'd)

Property and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the de-recognition of an item of property and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the financial year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Group incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

(l) Leases

Accounting policies applicable from 1 January 2019

The Group as lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Group recognises right-of-use assets and lease liabilities at the date which the underlying assets become available for use. Right-of-use assets are measured at cost, which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement dates, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use assets are periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities. The Group presents its right-of-use assets in "Property and equipment" and "lease liabilities" in the statement of financial position.

3. Summary of Significant Accounting Policies (cont'd)

(l) Leases (cont'd)

Accounting policies applicable from 1 January 2019 (cont'd)

<u>The Group as lessee</u> (cont'd)

The initial measurement of lease liabilities is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease components. The Group has elected not to separate lease and non-lease components for property leases; instead, these are accounted for as one single lease component.

Lease liabilities are measured at amortised cost, and are remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise lease extension and termination options;
- There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- There is a modification to the lease term.

When lease liabilities are remeasured, corresponding adjustments are made against the right-of-use assets. If the carrying amounts of the right-of-use assets have been reduced to zero, the adjustments are recorded in profit or loss. The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less, as well as leases of low value assets, except in the case of sub-lease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are based on an index or a rate are included in the measurement of the corresponding right-of-use assets and lease liabilities. Other variable lease payments are recognised in profit or loss when incurred.

3. **Summary of Significant Accounting Policies** (cont'd)

(l) Leases (cont'd)

Accounting policies applicable from 1 January 2019 (cont'd)

The Group as lessee (cont'd)

Short-term lease and lease of low-value assets

The Group applies the short-term leases recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payment on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Accounting policies applicable prior to 1 January 2019

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

3. Summary of Significant Accounting Policies (cont'd)

(m) Intangible Assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use.

The useful life for franchise agreement cost is 10 years.

(n) Impairment of Non-Financial Assets *(excluding goodwill)*

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each end of the reporting year, non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

3. Summary of Significant Accounting Policies (cont'd)

(o) Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised.

Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with SFRS(I) 3 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this SFRS(I) 3.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill (and also an intangible asset with an indefinite useful life or an intangible asset not yet available for use) is tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

(p) Inventories

Inventories are measured at the lower of cost (first-in-first-out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3. **Summary of Significant Accounting Policies** (cont'd)

(q) Financial Assets

Classification and measurement

The Group classifies its financial assets as those to be measured at amortised cost, which are presented as "trade and other receivables", "other assets" and "cash and cash equivalents" on the statement of financial position.

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Initial recognition

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 ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset.

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

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables and other assets. Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Financial assets measured at amortised cost

Assets that are held for 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. Impairment losses are deducted from the gross carrying amount of these assets and are presented as separate line item in the statement of profit or loss.

Interest income is recognised on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. Summary of Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

Impairment

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

- 12-month expected credit losses ("ECLs") – represents the ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs – represents the ECLs that will result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach – Trade receivables
The Group applies the simplified approach to provide ECLs for all trade receivables, as permitted by SFRS(I) 9, which require expected lifetime losses to be recognised from initial recognition of the receivables.

General approach – Other receivables
The Group applies the general approach to provide for ECLs on its other receivables, which require the loss allowance to be measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. In assessing whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information that is reasonable and supportable, including the Group's historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

3. Summary of Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

Impairment (cont'd)

Credit-impaired financial assets

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower or a concession(s) that the lender(s) would not other consider (e.g. the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise);
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Measurement of ECLs

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

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over a year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

(q) Financial Assets (cont'd)

Recognition and de-recognition

Financial assets are recognised when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(r) Cash and Cash Equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

(s) Non-current Assets Classified as Held for Sale and Discontinued operations

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria set out above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale. Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less costs to sell.

The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Summary of Significant Accounting Policies (cont'd)

(s) Non-current Assets Classified as Held for Sale and Discontinued operations (cont'd)

A discontinued operation is a component of the Group that either has been disposed of, or that is classified as held-for-sale and;

- represents a separate major line of business or geographical area of operations; or
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

When a component of the Group qualifies as a discontinued operation, the comparative statement of comprehensive income is retrospectively restated to segregate the results of all operations that have been discontinued by the end of the latest reporting period.

(t) Financial Liabilities

(i) Initial recognition, measurement and de-recognition

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability.

Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

3. Summary of Significant Accounting Policies (cont'd)

(t) Financial Liabilities (cont'd)

(ii) Subsequent measurement

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under SFRS(I) 9 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value plus transaction costs and are subsequently measured at the greater of (a) the amount of expected loss computed using the impairment methodology under SFRS(I) 9 and (b) the amount initially recognised less, cumulative amount of income recognised under SFRS(I) 15. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

(u) Classification of Equity and Liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

(v) Exchangeable Bonds

Exchangeable bonds are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the exchangeable bonds and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the entity, is included in capital reserves in equity. The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt of the instrument. The difference between this amount and the interest paid is the carrying value of the exchangeable bonds.

3. Summary of Significant Accounting Policies (cont'd)

(w) Fair Value Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

3. Summary of Significant Accounting Policies (cont'd)

(x) Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

(y) Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

4. Critical Judgements, Assumptions and Estimation Uncertainties

In addition to the critical judgement on the appropriateness of the going concern assumptions, the critical judgements made in the process of applying the accounting policies as set out in Note 3 that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when the financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Impairment of property and equipment

As at 31 December 2019, the Group has property and equipment stated at carrying value of RM2,421,000 (2018: RM1,359,000) (Note 12). An assessment is made at the end of each financial year whether there is any indication that the assets may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the assets. The recoverable amounts of cash-generating units, if applicable, are determined based on value-in-use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions, could require a material adjustment to the carrying amount of the balances affected.

During the current financial year, there was no impairment loss on property and equipment (2018: RM1,705,000).

4. Critical Judgements, Assumptions and Estimation Uncertainties (cont'd)

Impairment of investments in subsidiaries

Where there are impairment indicators, an impairment test is conducted on investments in subsidiaries. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the specific asset (or class of assets) at the end of the financial year affected by the assumption is disclosed in Note 14. The cost of investment in subsidiaries was fully impaired in the previous financial year.

5. Revenue

	Group	
	2019 RM'000	2018 RM'000
Continuing operations		
Sale of food and beverages	2,760	3,603

The Group's revenue is mainly derived from Malaysia and is recognised at a point in time.

6. Other Gains

	Group 2019 RM'000	Group 2018 RM'000
Continuing operations		
Unrealised gain on foreign exchange	-	147
Gain on disposal of property and equipment	-	1
Development fee income	500	-
Rental rebate received	1,060	-
	1,560	148

Development fee income represents development rights awarded to a third party to operate the Italiannies brand and it is non-refundable.

Rental rebate is granted by the landlord of Bistro Italiana (TC) Sdn Bhd's Italiannies outlet.

7. Administrative Expenses

	Group 2019 RM'000	Group 2018 RM'000
Continuing operations		
Audit fees paid and payable to:		
- independent auditors of the Company	168	183
- independent auditors of the subsidiaries	8	6
Employee benefits expenses	674	809
Operating supplies	52	60
Rental of apartments, office premises and storage	21	37
Rental of restaurant premises	265	660
Repair and maintenance	38	58
Utilities	169	149
Employee benefits expense:		
Salaries and other short-term employee benefits	643	742
Contributions to defined contribution plans	31	67
	674	809

8. Other Expenses

	Group	
	2019	2018
	RM'000	RM'000
Continuing operations		
Depreciation of property and equipment	243	125

9. Finance Cost

	Group	
	2019	2018
	RM'000	RM'000
Continuing operations		
Interest expenses on lease liabilities	43	-

10. Income Tax

The income tax in profit or loss varied from the amount of income tax determined by applying the Singapore income tax rate of 17% (2018: 17%) to loss before income tax as a result of the following differences:

	Group	
	2019	2018
	RM'000	RM'000
Current tax expense:		
- current financial year	305	220
- underprovision in prior year	54	-
	359	220
Deferred tax:		
- temporary differences	-	(30)
Total income tax expense relating to continuing operations	359	190

10. Income Tax (cont'd)

	Group 2019 RM'000	Group 2018 RM'000
Loss before tax from continuing operations	(6,779)	(1,322)
Income tax at the above rate	(1,152)	(225)
Tax effects of:		
- non deductible expenses	1,520	1
- effect of different tax rates in different countries	(70)	(93)
- deferred tax assets not recognised	7	507
- underprovision of income tax expense in prior year	54	-
Total income tax expense	359	190

Expenses not deductible for tax purposes comprise transaction costs related to entertainment expenses and non-trade related expenses.

	Group 2019 RM'000	Group 2018 RM'000
Deferred tax balance in statement of financial position		
At the beginning of the financial year	132	1,647
Recognised in current financial year	-	(852)
Reclassified to assets held for sales	-	(663)
At the end of the financial year	132	132

Deferred tax liabilities/(assets) are presented after offsetting:

	2019	2018
Deferred tax liabilities :		
- Excess of net book value of equipment over tax values	132	1,679
Deferred tax assets :		
- unutilised tax losses	-	(622)
- unabsorbed capital allowances	-	(247)
- other temporary differences	-	(678)
	132	132

10. Income Tax (cont'd)

	Group	
	2019	2018
	RM'000	RM'000
Deferred tax assets have not been recognised in respect of the following temporary differences:		
- unabsorbed capital allowances	123	94

In accordance with Note 3(f) to the financial statements, deferred tax assets have not been recognised in respect of the above items as they relate to subsidiary and it is not probable that they will be utilised by taxable profits in the foreseeable future.

The realisation of the future income tax benefits from tax loss carry forwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

11. Loss per Share

The following table illustrates the numerators and denominators used to calculate the basic amount per share of no par value.

Loss per share is calculated by dividing the Group's loss after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year as follows:

	Group	
	2019	2018
	RM'000	RM'000
Loss attributable to owners of the Company	(20,956)	(9,979)
Loss used in the calculation of total basic loss per share	(20,956)	(9,979)
Loss for the year from discontinued operations used in the calculation of basic loss per share from discontinued operations	(13,818)	(8,467)
Loss used in the calculation of basic loss per share from continuing operations	(7,138)	(1,512)
	No: '000	No: '000
Weighted average number of equity shares	250,605	250,605
Loss per share		
Basic and diluted from continuing operations	(2.8)	(0.6)
Basic and diluted from discontinued operations	(5.5)	(3.4)
Total loss per share	(8.3)	(4.0)

The weighted average number of equity shares refers to shares in circulation during the reporting period.

The diluted loss per share is the same as the basic loss per share as there were no diluted potential ordinary shares outstanding as at 31 December 2019 and 2018.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. The diluted amount per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year.

12. Property and Equipment

	Leasehold buildings (1) RM'000	Equipment RM'000	Total RM'000
Group			
2019			
Cost			
At 1 January 2019	-	41,421	41,421
Additions	1,305	-	1,305
Written off	-	(39,458)	(39,458)
At 31 December 2019	1,305	1,963	3,268
Accumulated depreciation and impairment losses			
At 1 January 2019	-	40,062	40,062
Charge for the year	109	134	243
Written off	-	(39,458)	(39,458)
At 31 December 2019	109	738	847
Net book value			
At 31 December 2019	1,196	1,225	2,421

(1) Right-of-use assets arising from leasehold buildings are recognised pursuant to adoption of SFRS(I) 16 *Leases*. Please refer to Note 24 for more information.

12. Property and Equipment (cont'd)

	Leasehold buildings RM'000	Leasehold improvements RM'000	Equipment RM'000	Total RM'000
Group				
2018				
Cost				
At 1 January 2018	459	44,148	50,422	95,029
Additions	-	-	37	37
Disposals	-	-	(111)	(111)
Foreign exchange adjustments	(1)	(7)	(396)	(404)
Reclassified as asset held for sale	(458)	(44,141)	(8,531)	(53,130)
At 31 December 2018	-	-	41,421	41,421
Accumulated depreciation and impairment losses				
At 1 January 2018	105	42,629	37,784	80,518
Charge for the year	5	184	976	1,165
Disposals	-	-	(109)	(109)
Impairment	-	40	1,665	1,705
Foreign exchange adjustments	(1)	(2)	(254)	(257)
Reclassified as asset held for sale	(109)	(42,851)	-	(42,960)
At 31 December 2018	-	-	40,062	40,062
Net book value				
At 31 December 2018	-	-	1,359	1,359

12. Property and Equipment (cont'd)

Property and equipment

Management performed a regular review of the recoverable amount of property and equipment. Management estimated the recoverable amount of the asset on the basis of its value-in-use. Property and equipment is allocated to cash-generating units for the purpose of impairment testing and the key assumptions used in the value-in-use calculations are as follows:

	Gross margin		Terminal growth rate of revenue		Discount rate	
	2019	2018	2019	2018	2019	2018
	%	%	%	%	%	%
Operating restaurants	3%	3%	0%	0%	4.3%	4.3%

13. Intangible Assets

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Goodwill (Note 13A)	-	-	-	-
Franchise agreement cost (Note 13B)	-	-	-	-
	-	-	-	-

13. Intangible Assets (cont'd)

13A. Goodwill

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost	-	13,817	-	-
Less: Allowance of impairment	-	(13,817)	-	-
Net carrying amount	-	-	-	-

The goodwill mainly related to the initial acquisition of TGI Fridays business in 2002 and the acquisition of TGI Fridays business in China in 2015. The goodwill was fully impaired in prior years and written off this year pursuant to the disposal of subsidiaries as disclosed in Note 19.

13B. Franchise Agreement Cost

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Cost				
At the beginning of the year	-	7,154	-	979
Less: Allowance of impairment	-	(7,154)	-	(979)
At the end of the year	-	-	-	-

The franchise agreement cost relates to the licence agreements entered with four franchisors for the operation of four restaurant concepts, namely TGI Fridays, Bulgogi Brothers, Watami and Paradise Dynasty. During the previous financial year ended 31 December 2018, all intangible assets of the Group with a carrying amount of RM185,000 solely comprised of the license agreement for TGI Fridays were reclassified to assets held for sale (Note 19B).

14. Investments in Subsidiaries

	Company 2019 RM'000	Company 2018 RM'000
Unquoted equity shares at cost	954	150,954
Allowance for impairment	(954)	(150,954)
Unquoted equity shares net of impairment	-	-
Movement in allowance for impairment loss		
At the beginning of the year	(150,954)	(150,954)
Disposal of subsidiaries for the year	150,000	-
At the beginning/end of the year	(954)	(150,954)

Management has assessed the recoverability of the investment in subsidiaries based on discounted cash flows and is of the view that allowance for impairment of investment in subsidiaries is necessary. As a result, the cost of investment of RM954,000 (2018: RM150,954,000) was fully impaired.

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Cost of investment 2019 RM'000	Cost of investment 2018 RM'000	Effective percentage of Equity interest 2019 %	Effective percentage of Equity interest 2018 %
Held by the Company					
Chaswood Resources Sdn. Bhd. (1) Malaysia	Investment holding and restaurant operator	-	150,000	-	100
Bistro Italiana (TC) Sdn. Bhd. (3) Malaysia	Restaurant operator	(*)	-	100	100
Chaswood Resources (Thailand) Co. Ltd (2) (5) Thailand	Restaurant operator	954	954	90	90
Chaswood Global Pte. Ltd. (4) Singapore	Investment holding	(*)	(*)	100	100
Chaswood Sino Pte. Ltd. (4) Singapore	Investment holding	(*)	(*)	100	100
		954	150,954		

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, Country of incorporation	Principal activities	Effective percentage of Equity interest	
		2019	2018
		%	%
Held by Subsidiaries			
Chaswood Resources Sdn. Bhd.			
Bistroamericana (P.J.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (M) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (S.J.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (J.B.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	20
Bistroamericana (T.C.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistro Italiana (SJ) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (B.U.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Trinity Square Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistro Italiana (JB) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistro Italiana (TG) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Teh Tarik Place Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (Q.B.) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (BB) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	**Principal activities**	**Effective percentage of Equity interest**	
		2019	2018
		%	%
Held by Subsidiaries (cont'd)			
Chaswood Resources Sdn. Bhd. (cont'd)			
Bistroamericana (SP) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
The Apartment Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistro Italiana (MT) Sdn. Bhd. [(1)] Malaysia	Dormant	-	100
Curry Leaf's Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistromalones (S) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Teh Tarik Place (SA) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistroamericana (IOI) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistroamericana (Hartamas) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistroamericana (TG) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistroamericana (WW) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistromalones (BB) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
The Apartment (BB) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistroamericana (A) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100
Bistrojapan (BB) Sdn. Bhd. [(1)] Malaysia	Restaurant operator	-	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Effective percentage of Equity interest 2019 %	2018 %
Held by Subsidiaries (cont'd)			
Chaswood Resources Sdn. Bhd. (cont'd)			
Bistrojapan (BU) Sdn. Bhd. (1) Malaysia	Dormant	-	100
Bistroamericana (MT) Sdn. Bhd. (1) Malaysia	Dormant	-	100
Cafe Baci Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (PM) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistrojapan (PM) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistro Italiana (PM) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (SA) Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bulgogi Brothers Restaurants Sdn. Bhd. (1) Malaysia	Restaurant operator	-	100
Bistroamericana (EC) Sdn. Bhd. (1) Malaysia	Dormant	-	100
Bistro Italiana (EC) Sdn. Bhd. (1) Malaysia	Dormant	-	100
Bistromalones (PJ) Sdn. Bhd. (1) Malaysia	Dormant	-	100
Chaswood Resources Pte. Ltd. (1) Singapore	Investment holding	-	100
PT Chaswood Resources (1) Indonesia	Investment holding	-	99
Chaswood Restaurant Management (Beijing) Co. Ltd (1) PRC	Restaurant operator	-	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	**Principal activities**	**Effective percentage of Equity interest**	
		2019	2018
		%	%
Held by Subsidiaries (cont'd)			
Chaswood Resources Pte. Ltd.			
Yi Jun Restaurant Management (Shanghai) Co. Ltd. (1) PRC	Restaurant operator	-	100
Chaswood Resources (OR) Pte. Ltd. (1) Singapore	Dormant	-	100
Bistroamericana (KM) Pte. Ltd. (1) Singapore	Dormant	-	100
Bistromalones (313) Pte. Ltd. (1) Singapore	Dormant	-	100
Chaswood Capital Pte. Ltd. (1) Singapore	Investment holding	-	100
PT Chaswood Resources			
PT Chaswood Resources Jakarta (1) Indonesia	Restaurant operator	-	75
PT Chaswood Resources BB (1) Indonesia	Restaurant operator	-	75
Chaswood Global Pte. Ltd.			
Chaswood Resources (HK) Private Limited (5) Hong Kong	Dormant	100	100
Chaswood Sino Pte. Ltd.			
Chaswood Restaurant Management Shanghai Co. Ltd (5) PRC	Dormant	100	100

(*) Cost of investment is less than RM1,000.
(1) Disposed during the year.
(2) Cost of investment was fully impaired in prior years.
(3) Audited by Morison AAC, Malaysia. Refer to Note 19A(i).
(4) Audited by Moore Stephens LLP, Singapore.
(5) Not audited as immaterial.

14. Investments in Subsidiaries (cont'd)

The subsidiaries with non-controlling interests are considered not significant to the reporting entity.

Disposal of subsidiaries

The Group disposed 100% equity interest in Chaswood Resources Sdn Bhd ("CRSB") and its subsidiaries for a consideration of RM10.00 on 4 October 2019. The amount is unpaid and recorded as other receivable as at the current year end.

The following summarises the major classes of consideration transferred, and the disposed amounts of the assets acquired and liabilities assumed at the acquisition date:

	Group
	2019
	RM'000
Net assets disposed:	
Property and equipment	9,627
Intangible assets	167
Investment in associate company	154
Inventories	1,675
Trade and other receivables	1,911
Amounts due from related companies	8,396
Other assets	5,772
Cash and cash equivalents	1,744
Tax recoverable	969
Deferred tax liabilities	(682)
Trade and other payables	(50,218)
Other financial liabilities	(39,998)
	(60,483)
Liabilities held under corporate guarantee	40,398
Net liabilities disposed	(20,085)
Sales proceed	*
Reclassification of reserve	31,516
Loss on disposal	11,431

* Sales proceed is less than RM1,000.

The aggregrate cash outflow arising from disposal of subsidiaries:

	Group
	2019
	RM'000
Consideration received in cash and cash equivalents	-
Less: Cash and cash equivalents disposed off	(1,744)
	(1,744)

15. Inventories

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Food and beverage	27	57	-	-
Continuing operations				
The amount of inventories included in cost of sales	(950)	(1,508)	-	-

There are no inventories pledged as security for liabilities.

16. Trade and Other Receivables

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade receivables				
Gross				
Outside parties	20	821	-	-
Reclassified as asset held for sale	-	(761)	-	-
	20	60	-	-
Other receivables				
Outside parties	36	3,179	1	-
Subsidiaries	-	-	-	1,328
Reclassified as asset held for sale	-	(3,150)	-	-
Allowance for impairment and reclassifications				
At 1 Jan	-	(1,948)	(1,328)	(1,328)
Reclassified as asset held for sale	-	1,948	-	-
Written off	-	-	1,328	-
At 31 Dec	-	-	-	(1,328)
	36	29	1	-
At the end of the year	56	89	1	-

Amounts due from subsidiaries were unsecured, interest-free and repayable on demand.

17. Other Assets

	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Prepayments	1	7	-	-
Rental deposits	151	261	-	-
	152	268	-	-

18. Cash and Cash Equivalents

	Group 2019 RM'000	Group 2018 RM'000
Cash and bank balances	110	85

18A. Cash and cash equivalents in the statement of cash flows:

	Group 2019 RM'000	Group 2018 RM'000
Amount shown above	110	85
Cash and cash equivalents included in a disposal group held for sale (Note 19B)	-	1,916
Bank overdrafts (Note 22)	-	(8)
Bank overdrafts included in a disposal group held for sale	-	(6,106)
Cash restricted in use over 3 months	-	(11)
Cash and cash equivalents for statement of cash flows purposes at the end of the year	110	(4,124)

19. Discontinued Operations

19A. Loss for the year from discontinued operations

As at 31 December 2018, Chaswood Resources Sdn Bhd ("CRSB") and its subsidiaries (collectively, the "CRSB Group") contributed RM23,697,000 of assets and RM89,571,000 of liabilities to the Group. The CRSB Group also contributed RM41,767,000 and RM55,585,000 (2018: RM88,521,000 and RM96,563,000) to the Group's total revenue and total expenses for the financial year ended 31 December 2019. As part of the Group's business rationalisation strategy and settlement plan for the proposed scheme of arrangement with the Scheme Creditors (Note 3a), the Group had entered into committed plans to dispose CRSB and its subsidiaries as follows:

(i) Proposed disposal of CRSB

On 14 September 2018, the Group entered into a share sale agreement with Tremendous Asia Management Inc. ("TAMI") for the sale of 100% equity interest of CRSB (the "Proposed Disposal 1") for a cash consideration of RM10.00. The Proposed Disposal 1 is a divestment of the Company's 100% equity interest of CRSB and effectively CRSB's subsidiaries, save for Bistro Italiana (TC) Sdn. Bhd. ("Excluded Subsidiary"), and is subject to and on condition that the Company ultimately retains ownership of the Excluded Subsidiary. The Proposed Disposal 1 had been completed on 4 October 2019 and the ownership of the Excluded Subsidiary has been transferred to the Company at a consideration of RM1.00.

(ii) Proposed disposal of CRSB's subsidiaries which own the TGI Friday's in Malaysia and Teh Tarik Place businesses

On 22 November 2018, the CRSB entered into a binding term sheet with Sino Hua-An International Berhad ("SHA") for the sale of 100% equity interest of certain subsidiaries of CRSB which own the TGI Friday's in Malaysia and Teh Tarik Place businesses ("Target Business") to the SHA for a purchase consideration of RM8.0 million ("Consideration") (the "Proposed Disposal 2"). Further to the binding term sheet, CRSB has on 3 April 2019 entered into a share purchase agreement with SHA.

The Proposed Disposal 2 was effected via the sale of 100% equity interest in Bistromalones (PJ) Sdn Bhd (the investment holding company which own the subsidiaries listed below) to the Purchaser. The Proposed Disposal 2 had been completed on 15 October 2019.

No.	Name of Subsidiaries	Shareholding	Principal Activities
1	Teh Tarik Place Sdn Bhd	100%	Brand owner and operator of Teh Tarik Place
2	Bistroamericana (TC) Sdn Bhd	100%	Operator of TGI Friday's at The Curve, Mutiara Damansara
3	Bistroamericana (BU) Sdn Bhd	100%	Operator of TGI Friday's at 1 Utama Shopping Centre, Selangor
4	Bistroamericana (QB) Sdn Bhd	100%	Operator of TGI Friday's at Queensbay Mall, Penang
5	Bistroamericana (A) Sdn Bhd	100%	Operator of TGI Friday's at Alarnanda Shopping Centre, Putrajaya
6	Bistroamericana (Hartamas) Sdn Bhd	100%	Operator of TGI Friday's at Hartamas Shopping Centre, Kuala Lumpur

19. Discontinued Operations (cont'd)

19A. Loss for the year from discontinued operations (cont'd)

No.	Name of Subsidiaries	Shareholding	Principal Activities
7	Bistroamericana (SP) Sdn Bhd	100%	Operator of TGI Friday's at Sunway Pyramid, Selangor
8	Bistroamericana (BB) Sdn Bhd	100%	Operator of TGI Friday's at Pavilion, Kuala Lumpur
9	Bistroamericana (JB) Sdn Bhd	20%	Operator of TGI Friday's at Wisma Jotic, Johor Bahru

The combined results of the discontinued operations included in the consolidated statement of comprehensive income and consolidated statement of cash flows are set out below.

	Group	
	2019 RM'000	2018 RM'000
Loss for the year from discontinued operations		
Revenue	41,767	84,918
Cost of sales	(14,476)	(27,188)
Administrative expenses	(26,769)	(59,879)
Other operating expenses	(2,339)	(2,960)
Finance costs	(570)	(3,358)
Loss for the year from discontinued operations	(2,387)	(8,467)
Loss on disposal of subsidiaries (Note 14)	(11,431)	-
	(13,818)	(8,467)
Cash flows from discontinued operations		
Net cash outflows from operating activities	(185)	(4,576)
Net cash (outflows)/inflows from investing activities	(1,744)	64
Net cash inflows from financing activities	-	1,732
Net cash outflows	(1,929)	(2,780)
Loss before income tax		
Discontinued operations		
This is arrived at after charging:		
Included in administrative expenses:		
Audit fees	255	472
Employee benefits expenses	11,936	23,435
Rental of apartments, office premises and storage	608	1,279
Rental of restaurant premises	9,489	18,897
Repairs and maintenance	800	1,917
Included in other operating expenses:		
Depreciation of property and equipment	554	1,040
Amortisation of franchise agreement cost	16	25

19. Discontinued Operations (cont'd)

19B. Assets classified as Held for Sale

		Group	
		2019	2018
		RM'000	RM'000
Total Assets			
Assets related to the CRSB - Proposed Disposal 1	(a)	-	17,254
Assets related to the CRSB which own TGI Friday and Teh Tarik Place businesses - Proposed Disposal 2	(b)	-	4,637
		-	21,891
Total Liabilities			
Liabilities related to the CRSB - Proposed Disposal 1	(a)	-	65,493
Liabilities related to the CRSB which own TGI Friday and Teh Tarik Place businesses - Proposed Disposal 2	(b)	-	21,498
		-	86,991

(a) Assets related to CSRB - Proposed Disposal 1

The major classes of assets and liabilities at the end of the reporting period were as follows:

	Proposed disposal 1
	2018
	RM'000
Assets related to group held for sale	17,254
Liabilities associated with assets held for sale	65,493

	Proposed disposal 1
	2018
	RM'000
Property and equipment	9,093
Intangible assets	185
Investment in associate company	196
Inventories	1,313
Trade & other receivables	1,031
Other assets, current	4,399
Tax recoverable	312
Cash & cash equivalent	725
Assets of group held for sale	17,254
Deferred tax liabilities	414
Trade & other payables	26,610
Other liabilities, current	246
Other financial liabilities	38,571
Provision for taxation	(348)
Liabilities of group held for sale	65,493
Net liabilities of group held for sale	(48,239)

19. Discontinued Operations (cont'd)

19B. Assets classified as Held for Sale (cont'd)

(a) Assets related to CRSB's subsidiaries who own the TGI Friday's and Teh Tarik Place business - Proposed Disposal 2

The major classes of assets and liabilities at the end of the reporting period were as follows:

	Proposed disposal 2 2018 RM'000
Assets related to group held for sale	4,637
Liabilities associated with assets held for sale	21,498

	Proposed disposal 2 2018 RM'000
Property and equipment	1,077
Inventories	425
Trade & other receivables	932
Other assets, current	1,311
Tax recoverable	(299)
Cash & cash equivalent	1,191
Assets of group held for sale	4,637
Deferred tax liabilities	249
Trade & other payables	21,544
Other financial liabilities	94
Provision for taxation	(389)
Liabilities of group held for sale	21,498
Net liabilities of group held for sale	(16,861)

20. Share Capital

	Group			
	2019		2018	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and paid up				
Ordinary shares of no par value:				
At the beginning and end of the year	250,605	24,464	250,605	24,464

	Company			
	2019		2018	
	No. of shares '000	RM'000	No. of shares '000	RM'000
Issued and paid up				
Ordinary shares of no par value:				
At the beginning and end of the year	250,605	162,132	250,605	162,132

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Group is in compliance with all externally imposed capital requirements.

Capital Management

The objectives when managing capital are to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. The capital comprises all components of equity (that is, share capital and reserves).

The management monitors the capital on the basis of the debt-to-equity ratio. This ratio is calculated as net debt/equity. Net debt is calculated as total borrowings less cash and cash equivalents.

20. Share Capital (cont'd)

	Group 2019 RM'000	Group 2018 RM'000
Bank overdrafts (Note 22)	-	8
Less: Cash and cash equivalents (Note 18)	(110)	(85)
Net cash	(110)	(77)
Total equity	(61,049)	(71,456)
Debt-to-equity ratio	N/A	N/A

N/A: Denote not meaningful

21. Other Reserves

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Translation reserve (Note 21A)	30,739	(1,012)	29,779	29,439
Capital reserve (Note 21B)	-	188	-	-
	30,739	(824)	29,779	29,439

21A. Translation Reserve

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At the beginning of the year	(1,012)	(1,631)	29,439	(1,079)
Disposal of subsidiaries	31,704	-	-	-
Net currency translation differences of net assets of foreign operations	47	619	340	30,518
At the end of the year	30,739	(1,012)	29,779	29,439

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations where the functional currencies are different from the presentation currency of the Group.

21. Other Reserves (cont'd)

21B. Capital Reserve

Movement of capital reserves as follows:

	Group	
	2019	2018
	RM'000	RM'000
Exchangeable Bonds		
At beginning of the year	188	188
Disposal of subsidiaries	(188)	-
At end of the year	-	188

22. Other Financial Liabilities

	Group	
	2019	2018
	RM'000	RM'000
Current		
Exchangeable bonds (Note 22A)	-	-
Bank overdrafts (Note 22B)	-	8
	-	8

22A. Exchangeable Bonds

	Group	
	2019	2018
	RM'000	RM'000
Net proceeds	-	7,871
Equity component	-	(188)
	-	7,683
Interest accreted	-	3,406
Interest paid	-	(424)
Foreign exchange adjustments	-	(1,199)
Reclassified as asset held for sale	-	(9,466)
	-	-

The exchangeable bonds are secured by a corporate guarantee of the Company.

The Company via its former subsidiary Chaswood Capital Pte. Ltd. (the "Issuer") had on 30 September 2013 entered into a legally binding term sheet (the "Term Sheet") with TAP Venture Fund I Pte. Ltd. (the "Investor") in relation to the proposed issuance of an aggregate principal amount of S$3,000,000 redeemable exchangeable bonds (the "Exchangeable Bonds") by the Issuer to the Investor at the issue price of S$500,000 per Exchangeable Bond. Further to the Term Sheet, the Company, the Issuer and the Investor entered into an exchangeable bond agreement on 29 November 2013.

22. Other Financial Liabilities (cont'd)

22A. Exchangeable Bonds (cont'd)

The Issuer undertakes to the Investor that the Issuer shall not issue new shares and securities (including convertible securities) in any companies within the Group without the prior written consent of the Investor.

The Investor is a private equity investment company incorporated in Singapore and managed by TAP Private Equity Pte. Ltd. ("TAPPE") on a full discretionary basis. TAPPE is a wholly-owned subsidiary of Attilan Group Ltd ("AGL"), a shareholder of the Company.

On 16 January 2019, the Company received a statutory demand of payment under section 254(2)(a) of the Companies Act (Cap 50) dated 15 January 2019 ("Statutory Demand") from the solicitors representing the interim judicial managers of the Investor, seeking a payment of S$3,000,000 within 21 days from the date of receipt of the Statutory Demand. Upon the expiry of the said 21 days period, the Investor is entitled to file in Court, a petition to wind up the Company. As to date, the Company has not made any payment in respect of this and has not received any further notices from TVF.

The Company had on 26 April 2019 filed an application with the High Court of the Republic of Singapore ("Court") to obtain an order, amongst other things, that no legal action or proceedings against the Company be commenced or continued against the Company for a period of 12 weeks from the date of the order to be granted ("Moratorium"), pursuant to section 210(10) of the Act pending the Company filing an application under section 210(1) or section 211I of the Act, as the case may be, except by leave of the Court and subject to such terms as the Court imposes. The Moratorium was granted by the Court at the hearing held on 9 July 2019. The Moratorium was granted to the Company for a further period of 8 weeks up to 27 November 2019 at the hearing held on 2 October 2019.

On 25 November 2019, the Company filed an application in the High Court pursuant to section 210(1) of the Act for (i) leave to convene a meeting of its creditors for the purposes of considering and, if thought fit, approving with or without modification a proposed scheme of arrangement ("Scheme") to be made between the Company and its creditors ("Creditors' Meeting") and (ii) to obtain an order that no legal action or proceedings against the Company be commenced or continued against the Company from the date of the order until the date the Singapore Scheme is approved by order of the Court in accordance with section 210(4) of the Act, pursuant to section 210(10) of the Act and subject to such terms as the court imposes ("New Moratorium").

At the hearing held on 12 February 2020, the Court granted leave for the Company to convene a Creditor's Meeting to consider the proposed Singapore SOA on or before 30 April 2020 and the New Moratorium.

During the Creditor's Meeting held on 30 April 2020, the Singapore SOA was approved by majority creditors and the solicitor for the Company's solicitors has filed an application to the Court to obtain the Court approval of the Singapore SOA and the Court has fixed for the Company's application for hearing on 26 June 2020 (Note 3(a)). The Singapore SOA will address the various debt obligations owed by the Company to its creditors and the statutory demand received from the interim judicial managers of the Investor.

22. Other Financial Liabilities (cont'd)

22B. Bank Overdrafts

The bank overdrafts of the Group incurred interest rates ranging from BR + 1.25% to BR + 1.5% per annum as at 31 December 2018 and was secured by:

(i) Fixed and floating charges over all the present and future assets of certain subsidiaries;
(ii) Pledge of the fixed deposits with licensed banks; and
(iii) Corporate guarantees of the Company and Chaswood Resources Sdn. Bhd.

As at 31 December 2018, bank overdrafts associated with the CRSB have been reclassified to liabilities directly associated with assets classified as held for sale.

23. Trade and Other Payables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
Outside parties	234	335	-	-
Other payables				
Outside parties	9,863	2,821	8,862	1,015
Accruals	51,915	4,795	51,603	47,605
	61,778	7,616	60,465	48,620
At the end of the year	62,012	7,951	60,465	48,620

As at 31 December 2019, included in accruals of the Company is an amount of RM47,290,000 (2018: RM41,368,000) which relates to accrued expenses pertaining to corporate guarantees granted by the Company as security for certain creditors, certain former subsidiaries' banking facilities and exchangeable bonds under the CRSB Group. The total liabilities of RM60,465,000 is included in the Singapore SOA as at 31 December 2019.

24. Leases

Group as Lessee

The Group has lease contracts for office premises. The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Leasehold property
	RM'000
Group	
At 1 January 2019	-
Addition	1,305
Depreciation	(109)
At 31 December 2019	1,196

(b) Lease liabilities

When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 6.85%.

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2019
	RM'000
Group	
Current liabilities	188
Non-current liabilities	1,027
	1,215

A reconciliation of lease liabilities arising from financing activities is as follows:

				Non-cash changes	
	1 January 2019	Additions	Cash flows	Accretion of interest	31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Lease liabilities	-	1,305	(133)	43	1,215

24. Leases (cont'd)

(c) Amounts recognised in profit or loss

	Group
	2019
	RM'000
Depreciation of right-of-use assets	109
Short-term lease and low value leases	286
Interest expense on lease liabilities	43
Total amount recognised in profit or loss	438

(d) Total cash outflow

The Group have total cash outflows for leases of RM133,000 in the financial year ended 31 December 2019.

25. Investment in Associate

	Group	
	2019	2018
	RM'000	RM'000
At cost		
Unquoted shares		
At 1 January	-	200
Asset related to group held for sale	-	(200)
At 31 December	-	-
Share of post-acquisition reserve		
At 1 January	-	(1)
Share of loss for the year	-	(3)
Asset related to group held for sale	-	4
At 31 December	-	-
Net carrying amount	-	-

25. Investment in Associate (cont'd)

Details of the associate, which is incorporated and domiciled in Malaysia are as follows:

Name of associate	Principal activity	Effective equity interest	
		2019	2018
		%	%
Bistroamericana (J.B.) Sdn. Bhd.	Restaurant operator	-	20%

The summarised financial information of the associate was as follows:

	2018 RM'000
As at 31 December	
Total assets	1,221
Total liabilities	(243)
Net assets	978
For the financial year ended 31 December	
Loss for the financial year, representing total comprehensive loss for the financial year	15
Economic entity's share of results for the financial year ended 31 December	
Loss for the financial year	3

26. Related Party Relationships and Transactions

26A. Related Companies and Related Parties

The Company is a subsidiary of Posh Corridor Sdn. Bhd., incorporated in Malaysia. The Company's ultimate parent company is Dragonrider Opportunity Fund L.P., incorporated in the Cayman Islands. Related companies in these financial statements include the members of the ultimate parent company's group of companies.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees, no interest or charge is imposed unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances as follows:

Significant related party transactions

During the financial year, the Company entered into the following transactions with related parties:

		Group	
		2019	2018
	Note	RM'000	RM'000
Salaries and other short-term employee benefits - discontinued	(i)	154	653
Interest expense of exchangeable bonds - discontinued	(ii)	753	1,403

(i) Employees related to Mr Andrew Roach Reddy.

(ii) Fees and interest expenses in relation to the issuance of exchangeable bonds paid to an entity in which Mr Ng Teck Wah (a Director and substantial shareholder of the Company via his deemed interest in Attilan Group Limited) is deemed interested in by virtue of the Investor being a private equity investment company managed by TAP Private Equity Pte. Ltd. ("TAPPE") and TAPPE is in turn wholly owned by Attilan Group Limited.

The above named directors have significant influence over the Company.

26. Related Party Relationships and Transactions (cont'd)

26B. Key Management Compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors and executive officers of the Company are considered as key management personnel of the Company.

	Company	
	2019	2018
	RM'000	RM'000
Salaries and other short-term employee benefits - discontinued	539	1,498

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2019	2018
	RM'000	RM'000
Fees to directors of the Company	271	273

Andrew Roach Reddy voluntarily waived his salary and Ng Teck Wah voluntarily waived his director's fee for the financial year ended 31 December 2019 and 2018. Datuk Jared Lim Chih Li (ex-director) waived his director's fee for last financial year.

On 3 September 2018, the Group entered into debt conversion agreements ("Debt Conversion Agreements") with certain former independent directors of the Company, being Mr Christopher John McAuliffe, Prof. Ling Chung Yee, Roy and Datuk Tee Guan Pian (collectively, the "Former Directors") for the proposed conversion of directors' fees in aggregate of S$100,000 partially owed by the Company to the Former Directors into 11,111,110 new ordinary shares in the capital of the Company ("Debt Conversion Shares") at a fixed conversion price of S$0.009 (the "Conversion Price") per Debt Conversion Share.

As at 31 December 2019, the Company has not issued any Shares under the Share Issue Mandate.

27. Operating Lease Payment Commitments

As at 31 December 2018, the total of future minimum lease payment commitments under non-cancellable operating leases were as follows:

	Group 2018 RM'000
Not later than 1 year	10,521
Later than 1 year and not later than 5 years	324
	10,845
Rental expenses for the year	20,873

Operating lease payments were for rentals payable for restaurants, offices, signage, storage, equipment and apartments. The lease rental terms were negotiated for periods between one and five years and certain rentals were subject to an escalation clause but the amount of the rent increase was not to exceed a certain percentage. The variable rent was calculated based on a percentage of monthly revenue. Contingent rent was not included in the above amounts.

As disclosed in Note 2, the Company has adopted SFRS(I) 16 on 1 January 2019. These lease payments have not been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 1 January 2019, as they are short-term leases and leases of low value assets.

28. Contingent Liabilities

	Company	
	2019 RM'000	2018 RM'000
Corporate guarantees granted by the Company as security for CRSB'S banking facilities, exchangeable bonds and loans from certain creditors	47,290	41,368

The Company has accrued for the above contingent liabilities as at year end as disclosed in Note 23. During the financial year, the Company has accrued for an additional provision for corporate guarantee amounting to approximately RM6 million. A total of RM47,290,000 was admitted by the scheme manager and together with the other adjudicated debts (Note 23), included in the amounts submitted for adjudication by the scheme manager in line with the Singapore SOA.

28. Contingent Liabilities (cont'd)

The Singapore SOA with the creditors was subsequently approved via a creditors' meeting held on 30 April 2020. The Singapore SOA shall become effective subject to the completion of the below events:

1) Approval from the Court being obtained under section 210(3AA) and section 210(3AB) of the Companies Act;
2) A copy of the order of the Court approving this Scheme pursuant to section 210(3AB)(c) of the Companies Act being lodged with ACRA in accordance with section 210(5) of the Companies Act; and
3) The necessary and appropriate approvals being obtained from the shareholders of the Company and SGX-ST for the listing and quotation of the new shares to be issued by the Company to the Scheme Creditors.

The Court has fixed for the Company's application for approval of the Singapore SOA ("Application") for hearing on 26 June 2020. The Court has also given the following directions:

1) The Company is to give immediate notice of the Application as well as the directions below to all parties who may be affected by the orders sought in the Application;
2) Any party who objects to the Application is to file an affidavit by 15 June 2020, 4.00 pm. The Company is to file its reply affidavit, if any, by 22 June 2020, 4.00 pm; and
3) The following are to be tendered to Court by 24 June 2020, 4.00 pm:
   a. Submissions and bundle of authorities which are to be exchanged and tendered to the Court;
   b. The attendance list of parties who wish to attend, indicating whether the party attending is supporting or opposing the Application; and
   c. A time bank.

In accordance with the Singapore SOA, upon completion of the scheme, all creditor amounts under the Scheme would be subject to a full and final settlement via a debt-equity conversion ratio of 18% and the provision amount would be adjusted accordingly.

29. Financial Information by Operating Segments

29A. Information about Reportable Segment Profit or Loss, Assets and Liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 *Operating Segments*. This disclosure standard has no impact on the reported results or financial position of the Group.

The management considers the business from a geographic segment perspective. There is no business segment as the Group operates in substantially one business segment that is restaurant business serving food and beverages.

The geographic segments are as follows:
1. Malaysia
2. Singapore
3. Thailand
4. Indonesia
5. China

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The management reporting systems evaluates performance based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating results before tax.

29. Financial Information by Operating Segments (cont'd)

29B. Profit or Loss from Continuing Operations and Reconciliations

The following is an analysis of the Group's revenue and results from continuing operations and discontinued operations by reportable segment:

	Segment revenue		Segment profit/ (loss)		Depreciation of property and equipment		Amortisaton of franchise agreement cost		Deposits and prepayment written off		Impairment loss on property and equipment	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*	*RM'000*
Continuing operations												
Malaysia	2,760	3,603	1,607	425	243	125	-	-	-	-	-	-
Singapore	-	-	(8,739)	(1,931)	-	-	-	-	-	-	-	-
Thailand	-	-	(6)	(6)	-	-	-	-	-	-	-	-
	2,760	3,603	(7,138)	(1,512)	243	125	-	-	-	-	-	-
Discontinued operations												
Malaysia	25,955	46,031	(12,828)	(5,624)	554	1,040	-	-	-	-	-	338
Singapore	-	-	(551)	(1,816)	-	-	-	-	-	-	-	-
Indonesia	-	8,473	-	(66)	-	-	16	25	-	-	-	1,367
China	15,812	30,414	(439)	(961)	-	-	-	-	593	303	-	-
	41,767	84,918	(13,818)	(8,467)	554	1,040	16	25	593	303	-	1,705

29. Financial Information by Operating Segments (cont'd)

29B. Profit or Loss from Continuing Operations and Reconciliations (cont'd)

	Group	
	2019	2018
	RM'000	*RM'000*
Segment assets		
Continuing operations		
Malaysia	2,686	1,806
Singapore	1	3
Thailand	34	5
China	45	44
	2,766	1,858
Discontinued operations		
Malaysia	-	11,408
China	-	3,613
Indonesia	-	6,870
	-	21,891
Segment liabilities		
Continuing operations		
Malaysia	2,643	2,580
Singapore	60,749	5,237
Thailand	403	377
China	20	20
	63,815	8,214
Discontinued operations		
Malaysia	-	65,441
Singapore	-	12,721
China	-	4,898
Indonesia	-	3,931
	-	86,991

For the purpose of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments; and
- All liabilities are allocated to reportable segments

30. Financial Instruments

30A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial year:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Financial assets:				
Cash and cash equivalents	110	85	-	-
Trade and other receivables	56	89	1	-
Other assets	151	261	-	-
	317	435	1	-
Financial liabilities:				
Other financial liabilities	-	8	-	-
Trade and other payables	62,012	7,951	60,465	48,620
Lease liabilities	1,215	-	-	-
	63,227	7,959	60,465	48,620

Further quantitative disclosures are included throughout these financial statements.

30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate and currency risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following good market practices.

There have been no changes to the exposure to risk, the objectives, policies and processes for managing the risk and the methods used to measure risk.

30. Financial Instruments (cont'd)

30C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3, are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial liabilities are either calculated based on discounted expected future principal and interest cash flows or calculated by discounting the relevant cash flows using the current interest rates for similar instruments at the balance sheet date.

For contingent consideration, the valuation techniques are based on discounted cash flows and the significant unobservable inputs used for the fair value measurement (Level 3) include probability of meeting contractual earnings target and own credit risk. A significant increase/(decrease) in the probability of meeting the contractual earnings target would result in a significantly higher/(lower) fair value measurement.

30D. Credit risk on financial assets

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral. 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 internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 365 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Group has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group considers available reasonable and supportive forward-looking information which includes 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 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.

30. Financial Instruments (cont'd)

30D. Credit risk on financial assets (cont'd)

There is no significant concentration of credit risk on receivables, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below. The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

The Group determined that its financial assets are credit-impaired when there is significant difficulty of 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 receivable for potential write-off when a debtor fails to make contractual payments more than 365 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Group's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is <365 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired (in default)	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

Cash and cash equivalents

The cash and cash equivalents are entered into with bank and financial institution counterparties, which are rated AA- to AA+, based on rating agency ratings.

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

30. Financial Instruments (cont'd)

30D. Credit risk on financial assets (cont'd)

Trade receivables

As disclosed in Note 4, the Group uses a provision rate to measure the lifetime expected credit loss allowance for trade receivables. In measuring the expected credit losses, trade receivables are grouped based on their shared credit risk characteristics and numbers of days past due. The expected credit losses on these financial assets are estimated using a provision rate based on the Group's historical credit loss experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Credit risk exposure and significant credit risk concentration

The credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
			RM'000	RM'000	RM'000
Group					
2019					
Trade receivables (Note 16)	Performing	Lifetime ECL (Simplified)	20	-	20
Other receivables (Note 16)	Performing	12-month ECL	36	-	36
Other assets (Note 17)	Performing	12-month ECL	151	-	151
2018					
Trade receivables (Note 16)	Performing	Lifetime ECL (Simplified)	60	-	60
Other receivables (Note 16)	Performing	12-month ECL	29	-	29
Other assets (Note 17)	Performing	12-month ECL	261	-	261

30. Financial Instruments (cont'd)

30D. Credit risk on financial assets (cont'd)

Credit risk exposure and significant credit risk concentration (cont'd)

The credit quality of the Company's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows:

	Internal credit rating	ECL	Gross carrying amount	Loss allowance	Net carrying amount
			RM'000	RM'000	RM'000
Company					
2019					
Other receivables (Note 16)	Performing	12-month ECL	1	-	1
2018					
Other receivables (Note 16)	Note 1	12-month ECL	1,328	(1,328)	-

For Note 1 – The Company has applied the general approach in SFRS(I) 9 to measure the loss allowance.

30E. Liquidity risk - financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Less than 1 year	1 - 5 years	Total
	RM'000	RM'000	RM'000
Group			
Non-derivative financial liabilities			
2019			
Lease liabilities	266	1,196	1,462
Trade and other payables	62,012	-	62,012
	62,278	1,196	63,474
Non-derivative financial liabilities			
2018			
Gross borrowing commitments	8	-	8
Trade and other payables	7,951	-	7,951
	7,959	-	7,959

30. Financial Instruments (cont'd)

30E. Liquidity risk - financial liabilities maturity analysis (cont'd)

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Less than 1 year RM'000	1 - 5 years RM'000	Total RM'000
Company			
Non-derivative financial liability			
2019			
Trade and other payables	60,465	-	60,465
2018			
Trade and other payables	48,620	-	48,620

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 90 days (2018: 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

30F. Interest rate risk

The Group and the Company are not subject to significant interest rate risks.

30G. Foreign currency risks

The Group and the Company are not subject to significant foreign currency risks as it mainly transacts in Malaysia Ringgit.

31. Litigation

The Company received a statutory demand of payment under section 254(2)(a) of the Companies Act (Cap 50) dated 15 January 2019 from the solicitors representing the interim judicial managers of TAP Venture Fund I Pte Ltd ("TVF"), seeking a payment of S$3,000,000 ("Demand Payment") within 21 days from the date of receipt of the statutory demand of payment. Upon the expiry of the said 21 days period, TVF is entitled to file in Court, a petition to wind up the Company.

The Demand Payment is in relation to the corporate guarantee provided by the Company for the subscription by TVF of the redeemable exchangeable bonds ("REB") issued by Chaswood Capital Pte Ltd, a previous subsidiary of the Company, over 3 tranches on 25 April 2014, 5 December 2014 and 27 January 2015. The maturity date of the REB was due on 23 April 2018 and no redemption had been made.

To address the debt obligations of the Company, it has undertaken a Singapore SOA as disclosed in Note 3(a) and Note 22 to the financial statements.

32. Material Events during the Year

Other than as disclosed in Note 3(a) to the financial statements, the following material event took place during the year:

(a) Suspension of Trading

The trading in the Company's securities was suspended with effect from 18 June 2018. On 2 July 2019, SGX-ST informed the Company that it has no objection to the Company's application for a 12-month extension up to 16 June 2020 for the submission of a trading resumption proposal subject to certain conditions as announced by the Company on 3 July 2019.

33. Subsequent Events

Due to the COVID-19 outbreak, the Government of Malaysia ("Government") announced the enforcement of a Movement Control Order ("Order") since 18 March 2020 to curb the spread of the COVID-19 infection in Malaysia. The Order includes a shutdown of business premises except for those providing essential services. The Group's business which is in the operation of a restaurant in Malaysia falls under an exemption of the Order of which it has been permitted to operate via take away and delivery services. Notwithstanding the Order, the Government had on 4 May 2020 eased certain controls including amongst others, allowing certain businesses to reopen subject to fulfillment of certain guidelines set by the Government. However, as the Group's restaurant is located in Selangor and the Selangor State Government does not allow for restaurants to accept dine-in customers, the Group continued to operate via take away and delivery services only until 13 May 2020 when the Selangor State Government subsequently announced that restaurants are allowed to fully operate including dine-in with effect from 13 May 2020. Pursuant thereto, the Group's restaurant was fully operational on 14 May 2020, adhering to the guidelines set by the Government.

No. of shares	:	250,605,231
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not have any Treasury Shares nor subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No of Shareholders	%	No of Shares	%
1~99	3	0.52	182	0.00
100 ~ 1,000	192	33.39	93,966	0.04
1,001 ~ 10,000	211	36.70	1,025,399	0.41
10,001 ~ 1,000,000	159	27.65	14,316,250	5.71
1,000.001 and above	10	1.74	235,169,434	93.84
Total	575	100.00	250,605,231	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	POSH CORRIDOR SDN BHD	100,898,838	40.26
2	ANDREW ROACH REDDY	58,310,906	23.27
3	RHB SECURITIES SINGAPORE PTE LTD	51,025,490	20.36
4	BLUMONT GROUP LTD	13,340,000	5.32
5	RAMESH S/O PRITAMDAS CHANDIRAMANI	2,936,400	1.17
6	OCBC SECURITIES PRIVATE LTD	2,132,200	0.85
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,102,600	0.84
8	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	1,701,000	0.68
9	ONG LAY SAN (WANG LISHAN)	1,559,000	0.62
10	UOB KAY HIAN PTE LTD	1,163,000	0.46
11	OOI CHEU KOK	940,000	0.38
12	LIM SIEW HOOI	836,000	0.33
13	IPCO INTERNATIONAL LIMITED	623,000	0.25
14	DBS NOMINEES PTE LTD	572,900	0.23
15	KAM FUNG CHAU & KAM FUNG CHIU, ANTHONY	504,900	0.20
16	MAYBANK KIM ENG SECURITIES PTE. LTD	416,000	0.17
17	LOW JEOK LEE	401,000	0.16
18	LIM TING SA	300,000	0.12
19	CHEOK SIEW KHIM	295,600	0.12
20	PHILLIP SECURITIES PTE LTD	285,100	0.11
	TOTAL	240,343,934	95.90

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 28 May 2020:

Name	No. of Ordinary shares			
	Direct Interest	%	Indirect Interest	%
Andrew Roach Reddy	58,310,906	23.27	-	-
Blumont Group Ltd. (1)	13,340,000	5.32	-	-
Posh Corridor Sdn. Bhd. (2) (3)	100,898,838	40.26	58,095,490	23.18
Attilan Group Limited (3) (4)	-	-	163,482,328	65.24
TAP Private Equity Inc. (3)	-	-	158,994,328	63.44
Attilan Investment Ltd. (3) (4)	-	-	163,482,328	65.24
Dragonrider Opportunity Fund L.P. (3)	-	-	158,994,328	63.44
Datuk Jared Lim Chih Li (5)	-	-	163,482,328	65.24
Ng Teck Wah (5)	-	-	163,482,328	65.24

Notes:

(1) Shares were previously held by G1 Investments Pte. Ltd., a subsidiary of Blumont Group Ltd. According to Blumont Group Ltd.'s annual report for the financial year ended 31 December 2010, G1 Investments Pte. Ltd has been struck off by the Register of Companies. Based on the information retrieved from the Register of Substantial Shareholders, the 13,340,000 Shares is now directly held by Blumont Group Ltd. As at the date of this report, the Company is still awaiting for clarification from Blumont Group Ltd. on the change of interest.

(2) Posh Corridor Sdn. Bhd. ("Posh Corridor") is deemed interested in 44,755,490 Shares held by RHB Securities Singapore Pte. Ltd. as its nominee and 13,340,000 Shares held by Blumont Group Ltd. due to an assignment of shares arrangement.

(3) Posh Corridor is owned by Dragonrider Opportunity Fund L.P. ("DOF") (78.4%) and Attilan Investment Ltd ("AIL") (21.6%). DOF is a fund managed by TAP Private Equity Inc. ("TAP") which is in turn wholly owned by Attilan Group Limited ("AGL"). AIL is a wholly owned subsidiary of AGL. By virtue of Section 7 of the Companies Act, DOF, TAP, AIL and AGL are deemed to be interested in all the Shares held by Posh Corridor.

(4) AIL is deemed interested in 158,994,328 Shares held by Posh Corridor and 4,488,000 Shares held by RHB Securities Singapore Pte. Ltd. as its nominee. By virtue of Section 7 of the Companies Act, AGL is deemed to be interested in all the Shares held by AIL.

(5) Each of Datuk Jared Lim Chih Li and Ng Teck Wah has a deemed interest of 33.3% in AGL. By virtue of Section 7 of the Companies Act, each of them is deemed to be interested in all the Shares held by Posh Corridor and AIL.

FREE FLOAT

Based on the information available to the Company as at 28 May 2020, 11.50% of the issued share capital of the Company was held by the public. The Company is therefore in compliance with Rule 723 of SGX-ST Listing Manual Section B: Rules of Catalist.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Chaswood Resources Holdings Ltd (the "Company") will be held by way of electronic means on Monday, 29 June 2020 at 11.00 a.m. for the purpose of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2019 together with the Directors' Statement and Independent Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$90,000 (2019: S$90,000) for the financial year ending 31 December 2020, payable quarterly in arrears. **Resolution 2**

3. To re-elect Mr. Andrew Roach Reddy who is retiring in accordance with Article 89 of the Company's Constitution.
[See Explanatory Note 1] **Resolution 3**

4. To re-appoint Messrs Moore Stephens LLP as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 4**

5. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as Ordinary Resolution, with or without amendments.

6. **Authority to issue shares**
That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Singapore Exchange Securities Trading Limited Listing ("SGX-ST") Manual Section B: Rules of Catalist (the "Catalist Rules"), the Directors of the Company be authorised and empowered to:

(A) (i) allot and issue shares in the Company ("shares") whether by way of bonus issue, rights issue or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(a) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (b) below):

(b) (subject to such 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 (a) above, the percentage of the issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards provided that the share options or share awards, were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with (a) and (b) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed.

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(d) unless revoked or varied by the Company in a general meeting, such authority 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 earlier.
[See Explanatory Note 2] **Resolution 5**

BY ORDER OF THE BOARD

Andrew Roach Reddy
Managing Director
12 June 2020
Singapore

Explanatory Notes:

Ordinary Business

1. Mr. Andrew Roach Reddy ("Mr. Reddy") will, upon re-election as a Director of the Company, remain as an Executive Director and Managing Director. Key information on Mr. Reddy can be found under the section entitled "Board of Directors", "Board Membership" and "Additional Information on Directors Seeking Re-election" of the Corporate Governance Report of the Company's 2019 annual report.

Special Business

2. The Ordinary Resolution 5, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding in total, 100% of the total number of issued shares in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to the shareholders.

Notes:

1. The Annual General Meeting of the Company ("Meeting") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of Meeting will NOT be sent to members of the Company. Instead, this Notice of Meeting will be made available on SGX-ST's website and the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html

2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions in advance of the Meeting, addressing of substantial and relevant questions at the Meeting and voting by appointing the Chairman of the Meeting as proxy at the Meeting, are set out in this Notice of Meeting.

3. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. The Chairman of the Meeting will conduct the proceedings of the Meeting by way of electronic means. Members of the Company will be able to watch these proceedings through a "live" audio-visual webcast via their mobile phones, tablets or computers or listen to these proceedings through a "live" audio-only feed via telephone. In order to do so, Members must follow these steps:

   - Members who wish to watch the "live" audio-visual webcast or listen to the "live" audio-only feed of the Meeting must pre-register by **11.00 am on 26 June 2020** at http://chaswood.com.my/agm2020/ for the Company to authenticate their status as Shareholders;
   - Authenticated Members will receive email instructions on how to access the "live" audio-visual webcast and "live" audio-only feed of the Meeting proceedings by **11.00 am on 28 June 2020**.
   - Shareholders who do not receive an email by **11.00 am on 28 June 2020**, but have registered by the **26 June 2020** deadline, may contact the Company at invest@chaswood.com.my or Tricor Barbinder Share Registration Services at SG.IS.Enquiry@sg.tricorglobal.com or +65-6236 3550/3555.
   - Investors who hold Shares through depository agents (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) and wish to watch the "live" audio-visual webcast or listen to the "live" audio-only feed of the Meeting must approach their respective depository agents to pre-register by **5.00 pm on 19 June 2020** in order to allow sufficient time for their respective depository agents to in turn pre-register their interest with the Company.

4. Members who pre-register to watch the "live" audio-visual webcast or listen to the "live" audio-only stream will not be able to ask questions during the Meeting and therefore may submit questions related to the resolutions to be tabled for approval at the Meeting and note on the following:

   - All questions must be submitted by **11.00 am on 26 June 2020** via email to the Company at invest@chaswood.com.my and provide their particulars as follows:
     (i) Full name (for individuals) / company name (for corporate) as per CDP/SRS Account records;
     (ii) NRIC or passport number (for individuals) / company registration number (for corporates);
     (iii) Number of Shares held;
     (iv) Contact number; and
     (v) Email address.
   - The Company will endeavour to address all substantial and relevant questions received from Shareholders relating to the resolutions to be tabled at the Meeting prior to the Meeting via SGXNET and on its corporate website or during the Meeting through the "live" audio-visual webcast and "live" audio-only stream. The Company will also address any subsequent clarifications sought, or follow-up questions, prior to, or at the Meeting in respect of substantial and' relevant matters.
   - The Company will record substantial and relevant comments or queries from the members relating to the agenda of the AGM as well as responses from the Board of Directors and management and also publish the minutes of AGM within one month after the AGM on SGXNET and the Company's corporate website.
   - **All questions must be received by the Company by the time and date stated above to be treated as valid.**

5. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting, if such member wishes to exercise his/her/its voting rights at the Meeting. The accompanying proxy form for the Meeting may be accessed at the SGX-ST's website as well as the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

6. The Chairman of the Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Meeting as a proxy, must be submitted in the following manner:

   (a) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com; or
   (b) if submitted by post, be lodged with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898,

   in either case, by 11.00 a.m. on 27 June 2020 (being not less than forty eight (48) hours before the time fixed for holding the Meeting) (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

7. This instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorized officer, failing which the instrument of proxy may be treated as invalid.

8. A corporation which is a member may authorise by resolution its director or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

9. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **11.00 a.m. on 17 June 2020**.

10. The Company's Annual Report for the financial year ended 31 December 2019 has been published on SGX-ST's website and the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html.

11. Any reference to a time of day is made reference to Singapore time.

12. As the COVID-19 situation continues to evolve, the Company may be required to change its arrangements for the Meeting at short notice. Shareholders should check SGX-ST's website and the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html for the latest updates on the status of the Meeting.

13. The Company thanks all members for their understanding and cooperation to enable the Company to hold the Meeting in line with appropriate safe distancing measures amidst the COVID-19 pandemic.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("Exchange") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this notice including the correctness of any of the figures used, statements or opinions made.

This notice has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this notice including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr. Liau H.K.
Telephone number: 6221 0271

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 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 Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 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.

CHASWOOD RESOURCES HOLDINGS LTD.
(Incorporated in the Republic of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The Annual General Meeting of the Company ("Meeting") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of Meeting will NOT be sent to members of the Company. Instead, this Notice of Meeting will be made available on SGX-ST's website and the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting, if such member wishes to exercise his/her/its voting rights at the Meeting.
3. The Chairman, as proxy, need not be a member of the Company.
4. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. CPF or SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11.00 a.m. on 17 June 2020.
6. By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Meeting dated 12 June 2020.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the Meeting.

I/We ______________________________ (Name) ____________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of Chaswood Resources Holdings Ltd (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting of the Company (the "Meeting") as *my/our proxy to vote for *me/us on *my/our behalf at the Meeting to be held by electronic means (via live audio-visual webcast or live audio-only stream) on Monday, 29 June 2020 at 11.00 a.m. and at any adjournment thereof. *I/We direct the Chairman of the Meeting, being *my/our proxy to vote for or against, or abstain from voting on the Resolutions to be proposed at the Meeting as indicated hereunder.

If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as *my/our proxy will be treated as invalid. All Resolutions put to vote at the Meeting shall be decide by way of poll.

No	Resolutions relating to:	Number of Votes For**	Number of Votes Against**	Number of Votes Abstain**
	Ordinary Business			
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Independent Auditors' Report for the year ended 31 December 2019.			
2.	To approve payment of Directors' Fees of S$90,000 for the financial year ending 31 December 2020, payable quarterly in arrears.			
3.	To re-elect Mr Andrew Roach Reddy pursuant to Article 89 of the Company's Constitution.			
4.	To re-appoint Moore Stephens LLP as the auditors of the Company and to authorize the Directors to fix their remuneration.			
	Special Business			
5.	To authorize Directors to issue shares pursuant to Section 161 of the Companies Act, Cap.50			

Notes:
* Delete accordingly.
** If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please indicate an "X" in the relevant box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the relevant box provided in respect of that resolution. If you mark an "X" in the abstain box for a particular resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that resolution.

Dated this __________ day of ______________ 2020

Total number of Shares in	No. of Shares
(a) CDP Register	
(B) Register of Members	

____
Signature(s) of Shareholder(s)
or, Common Seal of Corporate Shareholder

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, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting a proxy shall be deemed to relate to all the Shares held by you.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting, if such member wishes to exercise his/her/its voting rights at the Meeting. This proxy form has been made available on SGX-ST's website as well as the Company's corporate website at http://www.chaswood.com.my/investor-relations-announcements.html. A printed copy of the proxy form will NOT be despatched to members.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company. The instrument appointing the Chairman of the Meeting as a proxy, must be submitted in the following manner:

   (a) if submitted electronically, via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com; or
   (b) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02, Singapore 068898,

   in either case, by 11.00 a.m. on 27 June 2020 (being not less than forty eight (48) hours before the time fixed for holding the Meeting) (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.

4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

5. 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.

6. In the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

7. For investors who bought the Shares using CPF monies ("CPF Investors") and/or under Supplementary Retirement Scheme ("SRS Investors"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF Investors and SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) workings days before the Meeting (i.e. by 11.00 a.m. on 17 June 2020).

8. Members of the Company are not allowed to ask questions during the "live" audio-visual webcast or "live" audio-only stream of the Meeting proceedings.

Personal data privacy

By submitting an instrument appointing the Chairman of the Meeting to vote at the Meeting and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 June 2020.