chaswood

RESOURCES HOLDINGS LTD.

ANNUAL REPORT 2018

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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 2018 ("FY2018").

Financial Overview
The food and beverage (F&B) retail industry remained challenging and demanding, particularly in Malaysia, coupled with the weak consumer sentiment due to the rising cost of living. The increase in competition from new mall openings and entrance of new brands further dampened the already difficult operating environment of the existing F&B operators which resulted in many other F&B brands exiting the market. The weak financial position of the Group has affected its ability to remain competitive. To withstand the trying and competitive business environment, the Group had undergone an exercise to close under-performing outlets and implemented various menu engineering and cost reduction exercises (including at head office).

In FY2018, the Group recorded revenue of approximately RM3.6 million (after reclassification of certain subsidiaries' revenue as discontinued operations), a decrease of 8.0% as compared to the restated revenue for the corresponding preceding year ("FY2017") due to lower guest patronage to the outlet. If the revenue had not been reclassified, the Group recorded revenue of approximately RM88.5 million, a decrease of 35.9% as compared to FY2017 due to lower sales contribution from the existing outlets and the closure of certain non-performing outlets during the financial year. The Group incurred a net loss after tax of approximately RM10.0 million in FY2018, which arose mainly due to the decrease in the Group's revenue resulting in lower profit margins and losses from the non-profitable outlets which have been closed during the financial year. The net loss after tax in FY2017 was higher than FY2018 mainly attributed by the write off and impairment allowance on property and equipment of approximately RM30.0 million and goodwill of approximately RM13.8 million due to the 2017 closure of non-performing outlets and other write off of various assets of approximately RM6.7 million. The Group's share capital as at FY2018 has been eroded with a negative shareholders' equity of RM71.2m due to the losses incurred by the Group. The net negative current liability position of the Group decreased from RM75.1 million in FY2017 to RM72.7 million in FY2018 mainly due to the reclassification of non-current assets (including property and equipment, intangibles and investment in associate) to assets classified as held for sale under current assets of approximately RM10.6 million offset by (i) the decrease in inventories and deposits of RM5.7 million following the closure of non-profitable outlets (ii) the increase of other financial liabilities of RM1.3 million due to unpaid interest expense; and (iii) the reclassification of deferred tax liabilities from non-current liabilities to liabilities associated with assets classified as held for sale under current liabilities of approximately RM0.7 million.

Moving Ahead
The Group is currently undergoing a restructure exercise to restore the financial position of the Group with an aim to submit a resumption proposal to SGX-ST for the trading of the Company's shares to resume since the suspension on 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 on 3 July 2019. The completion of the restructuring exercise will improve the financial position of the Company and provide better value to the shareholders. Details of the various parts of the restructuring exercise have been announced by the Company which includes inter-alia the following:

(i) Scheme of arrangement with Malaysia scheme creditors ("Malaysia SOA")
The Group has obtained the approval from the financial institution lenders ("Scheme Lenders") for the Malaysia SOA during a court convened meeting held on 9 November 2018 which has been sanctioned by the Malaysia Court. The Malaysia SOA involves the settlement to the Scheme Lenders via (i) the realization of various assets which the Scheme Lenders have security upon including fixed deposits, residential properties, TGI Friday's and Teh Tarik Place businesses, (ii) issuance of new shares of the Company and (iii) waiver of debt.

(ii) Proposed disposal of Chaswood Resources Sdn Bhd ("CRSB")
On 14 September 2018, the Company entered into a share sale agreement with Tremendous Asia Management Inc for the sale of 100% equity interest of CRSB and effectively CRSB's subsidiaries, save for Bistro Italiana (TC) Sdn Bhd which operates the Italiannies brand. The proposed disposal will remove a negative of approximately RM68.4 million (based on FY2018) in shareholders' fund of the Group and will set a more palatable platform to continue operating and expanding the restaurant business under the Italiannies brand. The Company will also continue to explore new viable business, investment and acquisition opportunities as a complementary business or a totally new opportunity.

(iii) Proposed disposal of TGI Friday's in Malaysia and Teh Tarik Place businesses
CRSB has on 3 April 2019 entered into a share purchase agreement with Sino Hua-An International Berhad for the sale of TGI Friday's in Malaysia and Teh Tarik Place businesses for a purchase consideration of RM8.0 million. The proceeds will be utilized in accordance with the Malaysia SOA.

(iv) Proposed issuance of redeemable convertible note ("RCN")
The Company had entered into a binding term sheet on 26 June 2018 with Advance Opportunities Fund group of funds ("Subscriber") and Advance Capital Partners Asset Management Private Limited pursuant to which the Company proposes to issue to the Subscriber 1.0% equity-linked redeemable convertible notes due 2021 with an aggregate principal amount of up to S$50 million. The proceeds were for the funding of the Group's future plans pursuant to the restructuring exercise. The term sheet has lapsed but the parties are in discussion for the extension.

(v) Moratorium application and proposed scheme of arrangement with Singapore scheme creditors
On 26 April 2019, the Company filed an application with the 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. The Singapore Court has further fixed for the Moratorium application to be heard on 9 July 2019 before a High Court Judicial Commissioner. Further to the Moratorium application, the Company proposes to implement a scheme of arrangement ("Singapore SOA") with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Singapore Scheme are targeted to be finalized during the 12-week period of the Moratorium. The Singapore Scheme is necessary to address the various debt obligations owed by the Company to its creditors and to address the statutory demand dated 15 January 2019 received from the interim judicial managers of TAP Venture Fund I Pte Ltd ("TVF"), the holder of the Redeemable Exchangeable Bond ("REB") issued by the Company's subsidiary, seeking a payment of S$3 million for the principal amount of the REB which is overdue for redemption. As at the date of this Report, the Company has yet to receive any further notices from the interim judicial managers of TVF.

Further announcement will be made on any material developments with regards to the restructuring exercise.

In Appreciation
On behalf of the Board, I would like to express our gratitude to our shareholders for the strong support 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 also wishes to welcome Mr Er Kwong Wah who has been appointed to the Board on 20 September 2018 and we look forward to benefiting from his experience and insight.

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 Friday's 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

Mr Chng Hee Kok was appointed to the Board as the Lead Independent Non-Executive Director on 28 June 2018. 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 and The Place Holdings Limited.

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 China Sky Chemical Fiber Co., Ltd (under judicial management).

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 Chng Hee Kok
Mr Er Kwong Wah

AUDIT COMMITTEE
Mr Chng Hee Kok - Chairman
Mr Er Kwong Wah
Mr Ng Teck Wah

NOMINATING COMMITTEE
Mr Er Kwong Wah - Chairman
Mr Ng Teck Wah
Mr Chng Hee Kok

REMUNERATION COMMITTEE
Mr Chng Hee Kok - Chairman
Mr Er Kwong Wah
Mr Ng Teck Wah

SECRETARY
Ms Toon Choi Fan

AUDITOR TO THE COMPANY
Moore Stephens LLP
10 Anson Road #29-15,
International Plaza,
Singapore, 079903
Telephone: (65) 6221 3771
Fax: (65) 6221 3815
Audit Partner-In-Charge:
Ms Lao Mei Leng
(appointed since financial year
ended 31 December 2015)

REGISTERED OFFICE
80 Robinson Road #02-00
Singapore 068898
Phone: (65) 6236 3333
Fax: (65) 6236 4399

BUSINESS OFFICE
Unit 6.01, Level 6, Work@Clearwater
Jalan Changkat Semantan
Bukit Damansara
50490 Kuala Lumpur.
Phone: (603) 2715 8688
Fax: (603) 2715 8689

WEBSITE
chaswood.com.my

COMPANY REGISTRATION NUMBER
200401894D

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00
Singapore 068898

PRINCIPAL BANKERS
CIMB Bank Berhad
1st Floor Lot 10 & 11 Plaza Azalea
Persiaran Bandaraya
Section 14
40000 Shah Alam
Selangor Malaysia

Malayan Banking Berhad
37th Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur Malaysia

Ambank (M) Berhad
Level 18 Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

REPORT ON CORPORATE GOVERNANCE

The Board of Directors ("**Board**") of Chaswood Resources Holdings Ltd. ("**Company**") is committed to maintaining a high standard of corporate governance within and throughout the Company and its subsidiaries (collectively known as the "**Group**") in complying with the principles and guidelines set out in the Code of Corporate Governance 2012 ("**Code**") which forms part of the Continuing Obligations of the Singapore Exchange Securities Trading Limited's ("**SGX-ST**") Catalist Rules. This Report outlines the Company's corporate governance practices throughout the financial year with specific reference to the Code and the disclosure guide developed by the SGX-ST ("**Guide**").

The Board confirms that for FY2018 the Company has adhered to the principles and guidelines of the Code and, where applicable, has specified and explained the deviation from the Code and/or Guide in this Report. The Company will continually review its corporate governance processes to strive to fully comply with the Code and/or Guide.

The Monetary Authority of Singapore has issued a Revised Code of Corporate Governance ("**The Revised Code**") that applies to Annual Reports covering financial years commencing from 1 January 2019. Accordingly, the Company will adopt The Revised Code for its financial year ending 31 December 2019.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

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 review management 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; and

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

The Company recognises that stakeholders' perceptions may affect the Company's reputation and the Company may consider stakeholder planning exercise in the near future to address this issue.

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 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**"). These committees have written mandates and operating procedures, which are reviewed on a regular basis.

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, additional Board meetings and committee 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 FY2018 is summarised in the table below:

	Board Committees							
	Board		**Audit**		**Nominating**		**Remuneration**	
	***Held**	**Attended**	***Held**	**Attended**	***Held**	**Attended**	***Held**	**Attended**
Directors/ Board Members								
Mr Andrew Roach Reddy (1)	2	2	2	2	1	1	1	1
Mr Ng Teck Wah	2	2	2	2	1	1	1	1
Datuk Jared Lim Chih Li (2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mr Christopher John McAuliffe (3)	1	0	1	0	1	0	1	0
Prof. Ling Chung Yee, Roy (4)	1	1	1	1	1	1	1	1
Mr Chng Hee Kok (5)	1	1	1	1	1	1	1	1
Mr Er Kwong Wah (6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

* *Number of meetings held whilst a member.*

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

(2) *Datuk Jared Lim Chih Li resigned as a Non-Independent Non-Executive Director on 26 January 2018.*

(3) *Mr Christopher John McAuliffe retired as an Independent Director on 20 July 2018 and concurrently relinquished his position as the Chairman of the NC and Member of the AC and RC.*

(4) *Prof. Ling Chung Yee, Roy resigned as the Lead Independent Director on 22 June 2018 and concurrently relinquished his position as the Chairman of the AC and RC and Member of the NC.*

(5) *Mr Chng Hee Kok was appointed as the Lead Independent Director on 28 June 2018 and concurrently as the Chairman of the AC and RC and Member of the NC.*

(6) *Mr Er Kwong Wah was appointed as the Independent Director on 20 September 2018 and concurrently as the Chairman of the NC and Member of the AC and RC.*

The Group has adopted internal guidelines governing matters that require the Board's approval. The Board Authority Matrix forms a guideline and provides clear directions on matters requiring the Board's approval which include:

- issuance of shares;
- investments;
- material acquisitions and disposal of assets;
- major corporate or financial restructurings;
- major divestment or capital expenditure;
- material legal suits and or claims;
- announcement of the Group's half yearly and full year results and the release of the Company's annual reports.

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 will, at its expense, provide on-going education to the Board on processes, corporate governance practices, updates on regulatory changes to the Catalist Rules of the SGX-ST as well as changes to the accounting standards and industry developments. The Directors are encouraged to keep themselves abreast of the latest developments relevant to the business of 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.

Other than Mr Chng Hee Kok who was appointed as the Lead Independent Director, Chairman of the AC and RC and Member of the NC on 28 June 2018, and Mr Er Kwong Wah as the Independent Director, Chairman of the NC and Member of the AC and RC on 20 September 2018, there was no other new director appointed on Board during FY2018.

Principle 2: Board Composition and Guidance

The Board currently comprises four (4) Directors of whom one (1) is Executive, one (1) is Non-Independent Non-Executive and two (2) are Independent Non-Executive Directors as at the date of this Report.

The Board members as at the date of this Report are as follows:

Mr Ng Teck Wah	Non-Independent Non-Executive Chairman
Mr Andrew Roach Reddy	Executive Director and Managing Director
Mr Chng Hee Kok	Lead Independent Non-Executive Director
Mr Er Kwong Wah	Independent Non-Executive Director

The NC reviewed 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.

By the appointment of Mr Chng Hee Kok as the Lead Independent Director on 28 June 2018, the Company has met the requirement of Rule 406(3)(c) of the Catalist Rules which requires at least one of the Independent Director to be a resident in Singapore.

The Company has no Independent Director who has served on the Board beyond nine years.

To date, none of the Independent Directors of the Company have been appointed as a director of the Company's principal subsidiaries. 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 current size of the Board is not so large as to be unwieldy. With two out of four members of the Board being independent, the Company maintains a satisfactory independent element on the Board.

The Board also considers that its composition of Non-Executive and Independent Directors provide an effective Board with a combination of core competencies of knowledge, business contacts and extensive business and commercial experience necessary to meet the requirements of the Group which 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, there is sufficiently strong independent element on the Board to enable independent exercise of objective judgment on corporate affairs of the Group 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. All Directors take decisions objectively in the interests of the Company. No individual or group of individuals dominates the Board's decision-making.

Principle 3: Chairman and Managing Director

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 facilitating constructive relations among the Directors 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 Independent Directors meets periodically without the presence of other directors and 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 or is inappropriate.

BOARD MEMBERSHIP

Principle 4: Nominating Committee ("NC")

The members of the NC as at the date of this Report comprise entirely of Non-Executive Directors, the majority of whom including the Chairman, is independent.

The members of the NC as at the date of this Report are:

Mr Er Kwong Wah (Chairman)
Mr Ng Teck Wah
Mr Chng Hee Kok

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 to 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;

(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; and

(i) to review training programs for the Board.

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.

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. 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, the following Directors will be retiring and eligible for re-election:

(i) Mr Er Kwong Wah (retiring pursuant to Article 88 of the Company's Constitution); and

(ii) Mr Ng Teck Wah (retiring pursuant to Article 89 of the Company's Constitution).

The NC has recommended to the Board that Mr Er Kwong Wah and Mr Ng Teck Wah be nominated for re-election at the forthcoming AGM in accordance with Article 88 and 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. Both Mr Er Kwong Wah and Mr Ng Teck Wah being the NC members have abstained from the deliberation on the nomination of their own re-election.

The NC is also responsible for determining annually, and as and when circumstances required, the independence of Directors, bearing in mind the salient factors set out in the Code as well as other relevant circumstances and facts. In its annual review, the NC, having considered the guidelines set out in the Code, has confirmed the independence status of the Independent Directors, namely Mr Chng Hee Kok and Mr Er Kwong Wah. Both Mr Mr Chng Hee Kok and Mr Er Kwong Wah do not have any relationships, including immediate family relationships, with the Directors, the Company and its 10% shareholders (as defined in the Code).

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. The Board will review as and when required and, if necessary, determine the maximum number of listed company board representations and other principal commitments that any Director of the Company may hold.

There is no alternate director on the Board.

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.

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 of the current Board are set out below:

Director	**Date of Initial Appointment**	**Date of Last Re-Election**	**Directorship/ Chairmanship both present and those held over the preceding three years in other listed company**	**Other Principal Commitments, if any**
Ng Teck Wah	1 March 2012	27 April 2016	Present – Past three years –	Founding and Managing Partner of Tremendous Asia Partners Group
Andrew Roach Reddy	1 March 2012	28 April 2017	Present – Past three years –	–
Chng Hee Kok	30 April 2012	20 July 2018	Present Samudera Shipping Line Ltd Full Apex Holdings Ltd United Food Holdings Ltd Luxking Group Holdings Ltd Ellipsiz Ltd The Place Holdings Limited Past three years China Flexible Packaging Holdings Ltd Infinio Group Limited	–

Director	Date of Initial Appointment	Date of Last Re-Election	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments, if any
Er Kwong Wah	20 September 2018	–	Present COSCO Shipping International (Singapore) Co., Ltd CFM Holdings Limited China Essence Group Ltd (Delisted) The Place Holdings Limited China Sky Chemical Fiber Co., Ltd. (under judicial management) Ecowise Holdings Limited Past three years China Environment Ltd GKE Corporation Limited Success Dragon International Holdings Ltd	–

The NC held one (1) meeting during the year under review.

Principle 5: Board Performance

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 used in FY2018.

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.

Individual Director Evaluation

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.

Principle 6: 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.

REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

The members of the RC as at the date of this Report comprise entirely of Non-Executive Directors, the majority of whom including the Chairman, is independent.

The members of the RC as of the date of this Report are:

Mr Chng Hee Kok (Chairman)
Mr Ng Teck Wah
Mr Er Kwong Wah

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 access to expert professional advice on human resource matters whenever there is a need to consult externally. The Company did not engage a remuneration consultant in FY2018.

The RC held one (1) meeting during the year under review.

Principle 8: Level and Mix of Remuneration

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.

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 2019 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 one (1) year from 29 February 2019 until 28 February 2020.

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.

Principle 9: Disclosure on Remuneration

The RC reviewed and deliberated the Director's fees and remuneration of top four Key Management Personnel. A breakdown, showing the level and mix of each Director's remuneration for FY2018, is as follows:

Name of Director	Salary	Director's fees(1)	Performance Based Bonuses	Other Benefits	Total Remuneration
	%	%	%	%	%
$250,000 and below					
Executive Directors					
Mr Andrew Roach Reddy*	Nil	–	–	–	Nil
Non-Independent and Non-Executive Directors					
Mr Ng Teck Wah*	–	Nil	–	–	Nil
Datuk Jared Lim Chih Li(2) *	–	Nil	–	–	Nil
Independent Directors					
Mr Christopher John McAuliffe(3)	–	100	–	–	100
Prof Ling Chung Yee, Roy(4)	–	100	–	–	100
Mr Chng Hee Kok(5)	–	100	–	–	100
Mr Er Kwong Wah(6)	–	100	–	–	100

Notes:

(1) The Director's fees for the FY2018 has been approved at the AGM held on 20 July 2018.

(2) Datuk Jared Lim Chih Li resigned as a Non-Independent Non-Executive Director on 26 January 2018.

(3) Mr Christopher John McAuliffe retired as an Independent Director on 20 July 2018 and concurrently relinquished his position as the Chairman of the NC and Member of the AC and RC.

(4) Prof Ling Chung Yee, Roy resigned as the Lead Independent Director on 22 June 2018 and concurrently relinquished his position as the Chairman of the AC and RC and Member of the NC.

(5) Mr Chng Hee Kok was appointed as the Lead Independent Director on 28 June 2018 and concurrently as the Chairman of the AC and RC and Member of the NC.

(6) Mr Er Kwong Wah was appointed as the Independent Director on 20 September 2018 and concurrently as the Chairman of the NC and Member of the AC and RC.

* *Mr Andrew Roach Reddy voluntarily waived his salary, and Mr Ng Teck Wah and Datuk Jared Lim Chih Li voluntarily waived their director's fees, for FY2018.*

A breakdown, showing the level and mix of each of the Company's top four Key Management Personnel's remuneration for FY2018, is as follows:

Name of Key Management Personnel (1)	Title	Salary	Performance Based Bonuses	Other Benefits(2)	Total Remuneration
		%	%	%	%
Above $50,000 but below $250,000					
Mr Kek Poh Hean(3)	Chief Executive Officer – China	95	–	5	100
Mr Nicol Roach Reddy(4)	Acting Chief Operating Officer	90		10	100
Mr Chandra Supandi(5)	Chief Operating Officer – Indonesia	100	–	–	100
Mr Tham Keen Tek	Group Chief Financial Officer	86	–	14	100

Notes:

(1) There are only four Key Management Personnel in the Company.

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

(3) Mr Kek Poh Hean resigned as the Chief Executive Officer – China on 31 July 2018.

(4) Mr Nicol Roach Reddy resigned as the Acting Chief Operating Officer on 31 December 2018.

(5) Mr Chandra Supandi resigned as the Chief Operating Officer – Indonesia on 28 June 2019.

The aggregate amount of the remuneration paid to the abovementioned Key Management Personnel is approximately S$492,097.

It is in the best interest of the Company for not disclosing the detailed remuneration of each Director and Key Management Personnel to maintain confidentiality of remuneration matters given the competitive conditions in the industry. Instead, the Company is disclosing the remuneration of each Director and Key Management Personnel in the bands of S$50,000 and up to S$250,000, with the provision of a breakdown in percentage terms.

Mr Nicol Roach Reddy, the Acting Chief Operating Officer is the son of Mr Andrew Roach Reddy, the Executive Director and Managing Director of the Company. Mr Nicol Roach Reddy's annual remuneration falls within the bands of S$150,000 to of S$200,000, and his remuneration has been disclosed under the remuneration of top four Key Management Personnel section of this Report. Mr Nicol Roach Reddy resigned as the Acting Chief Operating Officer on 31 December 2018. As at the end of FY2018, there were three other employees related to Mr. Andrew Roach Reddy, and each of their annual remuneration was below S$50,000. Save as disclosed, there are no other employees who are immediate family of the Directors and Managing Director 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$25,250 in FY2018. 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 8: Level and Mix of Remuneration.

No remuneration consultants were engaged by the Company in FY2018.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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 of the SGX-ST 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. Management had during the half year ended 30 June 2018 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 2018 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 and/or when requested. Such reports provide highlight of key business indicators and major issues relevant to the Group's performance, position and prospects.

Principle 11: Risk Management and Internal Controls

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, work performed by the internal auditors 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 internal auditors, the external auditors as well as reviews performed by 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 risks, 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 26 February 2019 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 risks and also that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's business operations and finances.

Principle 12: Audit Committee

The members of the AC as at the date of this Report comprise entirely of Non-Executive Directors, the majority of whom including the Chairman is independent.

The members of the AC as of the date of this Report are:

Mr Chng Hee Kok (Chairman)
Mr Ng Teck Wah
Mr Er Kwong Wah

The Board is of the view that the members of the AC who possess the appropriate accounting experience 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 half-yearly financial information and annual financial statements in ensuring the integrity of the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, significant financial reporting issues and judgements, compliance with accounting standards and compliance with the Catalist Rules of the SGX-ST and any other relevant statutory or regulatory requirements;

(c) to review at least annually the adequacy and effectiveness of the Company's internal control procedures (including financial, operational, compliance and information technology controls) 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);

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

(e) to consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) to review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules of the SGX-ST;

(g) to review potential conflicts of interest, if any;

(h) 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

(i) generally to undertake such other functions and duties as may be required by the legislation, regulations or the Catalist Rules of the SGX-ST, or by such amendments as may be made thereto from time to time.

The AC held two (2) meetings during the year under review.

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 of the SGX-ST 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 FY2018. 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 FY2018 can be found in Note 7 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 Rules 716 of the Catalist of the SGX-ST, the following significant foreign-incorporated subsidiaries are audited by the below mentioned auditing firms:

Name of subsidiary	Country of incorporation	Auditing firm
Chaswood Resources Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (TC) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (SP) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (BU) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (QB) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (A) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (Hartamas) Sdn Bhd	Malaysia	Morison AAC
Bistroamericana (PJ) Sdn Bhd	Malaysia	Morison AAC
Bistro Italiana (TC) Sdn Bhd	Malaysia	Morison AAC
Bistromalones (BB) Sdn Bhd	Malaysia	Morison AAC
Teh Tarik Place Sdn Bhd	Malaysia	Morison AAC
PT Chaswood Resources*	Indonesia	RSM AAJ Associates
PT Chaswood Resources Jakarta*	Indonesia	RSM AAJ Associates
PT Chaswood Resources BB*	Indonesia	RSM AAJ Associates
Chaswood Restaurant Management (Beijing) Co. Ltd*	China	Dahua CPA
Yi Jun Restaurant Management (Shanghai) Co. Ltd*	China	Dahua CPA

* *The FY2018 audit for these subsidiaries has yet to be completed as operations in these subsidiaries have been substantially scaled down and there were lack of resources to facilitate the completion of the audit.*

The Board and the AC are satisfied that the appointment of the different auditors of the abovementioned overseas subsidiaries 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 of the SGX-ST 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.

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

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.

Principle 13: 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 Audit Team. 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 FY2018, the Internal Auditors was tasked to evaluate the effectiveness of internal controls with respect to a subsidiary company in Malaysia. A review report was presented to the AC, focusing on findings of the existence and adequacy of the subsidiaries' operational controls and recommendations were made by the Internal Auditors.

The AC has reviewed 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.

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.

SHAREHOLDER RIGHT AND RESPONSIBILITIES

Principle 14: Shareholder Rights

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 sent to all shareholders and is available to other investors on request and accessible at 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 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.

Principle 15: Communication with Shareholders

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.

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 FY2018 as the Company is loss making.

Principle 16: Conduct of shareholders' meetings

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.

The Company's Management and the Chairmen of the AC, RC and NC should attend each general meeting, whenever possible, to respond to shareholders' queries. 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.

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.

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 of the SGX-ST 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

On 14 September 2018, the Company has entered into an agreement for the provision of corporate guarantee in favour of Mr Andrew Roach Reddy, the Managing Director and substantial shareholder of the Company, for providing interest free bridging loans to its subsidiary, Chaswood Resources Sdn Bhd. As this provision of corporate guarantee is an interest person transaction, it is subject to shareholders' approval which has yet to be obtained as at the date of this Report.

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 and in the financial statements, no material contracts have been entered into, since 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 FY2018 by the Group and the aggregate value of IPTs entered during FY2018 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 Bonds	462	Not applicable - the Company does not have a shareholders' mandate under Rule 920

Notes:

(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.

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 FY2018.

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 Ng Teck Wah	**Mr Er Kwong Wah**
Age	62	73
Date of Appointment	1 March 2012	20 September 2018
Date of last re-appointment (if applicable)	27 April 2016	–
Country of principal residence	Singapore	Singapore
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 NC and has reviewed and considered Mr Ng Teck Wah, possess the requisite qualification and experience to carry out his duties as the Non-Independent Non-Executive Chairman of the Company.	The Board has considered among others, the recommendation of the NC and has reviewed and considered Mr Er Kwong Wah, possess the requisite qualification and experience to carry out his duties as the Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Independent Non-Executive Chairman, Member of AC, Member of RC and Member of NC	Independent Non-Executive Director, Chairman of NC, Member of AC and Member of RC
Professional qualifications	• Bachelor's of Commerce in Accounting from University of Brimingham • Fellow member of The Association of Chartered Certified Accountants UK (ACCA)	• Degree in Applied Science with Honours in Electrical Engineering from University of Toronto, Canada • MBA from Manchester Business School, University of Manchester • Colombo Plan and Bank of Tokyo Scholar • Fellow, Institute of Engineers, Singapore • Fellow, Chartered Institute of Marketing, United Kingdom
Working experience and occupation(s) during the past 10 years	Founding and Managing Partner of Tremendous Asia Partners Group (2007 – current)	Executive Director, East Asia Institute of Management (2001 to 2016)
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest of 163,482,328 shares	No

Details	Name of Director	
	Mr Ng Teck Wah	Mr Er Kwong Wah
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	No
Conflict of interest (including any competing business)	Yes. Please refer to the section under Interested Person Transaction.	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships	Past Directorships (for the last 5 years) ● Munchy Food Industries Sdn Bhd ● MFI Labuan Ltd ● EMS Holdings Pte Ltd ● EMS Asia Pacific Pte Ltd ● EMS Consumer Products Pte Ltd ● Dinoscovery (M) Sdn Bhd ● EMS Discoveria Sdn Bhd ● SME Productions Inc Present Directorships ● Attilan Investment Ltd. ● Attilan Ventures Pte Ltd ● Attilan Investment (Thailand) Sdn Bhd ● Tremendous Asia Management Inc ● TAP Partners Sdn Bhd ● TAP Private Equity Inc. ● Tremendous Asia Partners Inc ● TAP Venture Fund I Pte Ltd ● Chaswood Resources Sdn Bhd ● Posh Corridor Sdn Bhd ● Portwell Investments Limited ● Trident Aim Sdn Bhd ● Work @ H Sdn Bhd ● Rainbow Lead Limited ● Hi-5 World Ltd ● Hi-5 Operations Pte. Ltd. ● EMS Exhibits Inc. ● Hi 5 Operations (M) Sdn Bhd ● Hi 5 Australia Pte Ltd ● Vibrant Coast Management Ltd ● Tremendous Asia Partners (Malaysia) Ltd ● Hub Media Group Pte Ltd ● Turf Group Holdings Limited ● Moss Rose Limited ● Deepdale Capital Limited	Past Directorships (for the last 5 years) ● Firstlink Investments Corporation Limited (delisted) ● Glopeak Land Pte Ltd ● Singatronics Investment Pte Ltd ● Firstlink Energy Pte Ltd ● Glopeak Properties and Hotels Pte Ltd ● Exquisite Concierge Pte Ltd ● Infinity Capital Partners (S) Pte Ltd ● GKE Corporation Limited ● East Asia Institute Management Pte Ltd ● China Environment Ltd ● Firstlink Capital Pte Ltd ● Firstlink Investment Advisory Pte Ltd ● China Dongyuan Environment Pte Ltd ● Keluarga International Pte Ltd ● Success Dragon International Holdings Ltd ● China Oilfield Technology Services Group Ltd ● Raffles Institution (S) Pte Ltd ● Raffles Junior College (S) Pte Ltd ● Tsao Foundation Present Directorships ● Cosco Shipping International (Singapore) Co., Ltd ● CFM Holdings Limited ● China Essence Group Ltd (delisted) ● The Place Holdings Limited ● China Sky Chemical Fiber Co., Ltd (under judicial management) ● The Thai Prime Fund Limited ● Ecowise Holdings Limited

Details	Name of Director	
	Mr Ng Teck Wah	**Mr Er Kwong Wah**
	• Fame Good Holdings Limited • Asiasons Investment Managers Inc. • Porterhouse Capital Limited • Smart Prestige Limited • Tap Crunch Sdn Bhd • Tap Crunch International Sdn Bhd • Mega Bersatu Ltd • Sparkle Paradise Ltd • Chaswood Restaurant • Management Shanghai Co Ltd • TAP Private Equity Pte Ltd • EMS Live Entertainment GmbH • Sound of Music Saizbury Betribs GmbH • Event Marketing Service GmbH • Score Worldwide LLC <u>Other Principal Commitments</u> Founding and Managing Partner of Tremendous Asia Partners Group	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	Yes. Mr Ng Teck Wah is currently a director of Hi-5 Operations (M) Sdn Bhd which has received a winding up petition under the Malaysia's Companies (Winding-up) Rules 1972. Mr Ng Teck Wah was a former director of TAP Venture Fund I Pte Ltd which has been placed under the judicial management of an interim judicial manager pursuant to an order to be made by the Court under Section 227B and the provisions of Part VIIIA of the Companies Act.	Yes. Mr Er Kwong Wah is currently an independent non-executive director of China Sky Chemical Fiber Co., Ltd of which has been placed under the judicial management of a judicial manager pursuant to an order to be made by the Court under Section 227B and the provisions of Part VIIIA of the Companies Act.
(c) Whether there is any unsatisfied judgment against him?	No	No

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

Details	Name of Director	
	Mr Ng Teck Wah	Mr Er Kwong Wah
(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	Yes. In 2011, China Sky Chemical Fibre Co. Ltd, where Mr Er Kwong Wah is an Independent Non-Executive Director, was directed by SGX-ST to engage a special audit to investigate the company on issues related to interested party transaction, high cost of maintenance equipment and the purchase of a piece of land.
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(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	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?	Yes. In 2010, Mr Ng Teck Wah received supervisory warning from Monetary Authority of Singapore and a warning from ACRA to comply with the applicable laws and regulatory requirements relating to the timely disclosure of change in substantial shareholdings when he was the executive director of Asiasons Capital Limited (now known as Attilan Group Limited).	Yes. The whole board of directors of China Sky Chemical Fiber Co., Ltd, including Mr Er Kwong Wah who was an independent non-executive director, was reprimanded by SGX-ST on 16 December 2011 and was subsequently placed in the Director Watchlist due to certain non-compliance of SGX-ST's directives by the company. Mr Er Kwong Wah has subsequently been removed from the Director Watchlist by SGX-ST on 24 July 2018.

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 2018, and the statement of financial position of the Company as at 31 December 2018.

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 2018, 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
Chng Hee Kok#	-	Lead Independent Non-Executive Director
Er Kwong Wah*	-	Independent Non-Executive Director

 # Mr. Chng Hee Kok has been appointed on 28 June 2018 as the Lead Independent Director of the Company and concurrently as the Chairman of the Audit and Remuneration Committees and Member of the Nominating Committee.

**Mr. Er Kwong Wah has been appointed on 20 September 2018 as the Independent Non-Executive Director of the Company and concurrently as the Chairman of the Nominating Committee and Member of the Audit and Remuneration Committees.*

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 1.1.2018	As at 31.12.2018	As at 1.1.2018	As at 31.12.2018
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% (2017: 33.3%) in Attilan Group Limited, a company incorporated and domiciled in Singapore. Posh Corridor Sdn. Bhd. is a subsidiary of Dragonrider 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 2019.

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:

Chng Hee Kok	Chairman
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 half-yearly financial information and annual financial statements in ensuring the integrity of the financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, significant financial reporting issues and judgements, compliance with accounting standards and compliance with the Catalist Rules of the SGX-ST and any other relevant statutory or regulatory requirements;

- to review the internal control procedures 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 and discuss with the external auditors of any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

- to consider the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

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

- to review potential conflicts of interest, if any;

- 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

5 Audit Committee (cont'd)

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

- generally to undertake such other functions and duties as may be required by the legislation, regulations or the Catalist Rules of the SGX-ST, 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

3 July 2019

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 2018, 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

Appropriateness of the Going Concern Assumption

3. As disclosed in Note 3(a) to the financial statements, the Group incurred a loss after tax of RM9,979,000 (2017: RM68,778,000) and a total comprehensive loss of RM9,375,000 (2017: RM70,393,000) for the current financial year ended 31 December 2018. As at 31 December 2018, the Group's and Company's current liabilities exceeded their current assets by RM72,683,000 (2017: RM75,093,000) and RM48,620,000 (2017: RM 34,212,000) respectively. In addition, the Group and the Company have negative total equity of RM71,456,000 (2017: RM62,081,000) and RM48,620,000 (2017: RM34,212,000) as at 31 December 2018.

   As disclosed in Note 31 to the financial statements, the Group's subsidiaries are subject to various legal proceedings brought against them and the Company has received a statutory demand for payment of S$3,000,000 in relation to the corporate guarantee provided for the redeemable exchangeable bonds issued by Chaswood Capital Pte Ltd, a wholly-owned subsidiary of the Company. As disclosed in Note 3(a), the Group defaulted on its term loan facilities during the financial year as the Group was unable to meet the pre-requisite loan repayments as and when they fell due.

   As disclosed in Note 33(a) to the financial statements, the Company made a moratorium application with the Singapore Court on 26 April 2019.

Basis for Disclaimer of Opinion (cont'd)

Appropriateness of the Going Concern Assumption (cont'd)

4. These conditions indicate the existence of a material uncertainties 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.

5. 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.

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

6. As disclosed in Note 19A to the financial statements, included in the Group's total assets and total liabilities is an amount of RM23,697,000 and RM89,571,000 contributed by the CRSB Group. The CRSB Group also contributed RM88,521,000 and RM96,563,000 to the Group's total revenue and total expenses.

7. As disclosed in Note 19A to the financial statements, the Group has committed plans to dispose of CRSB and certain of its subsidiaries. We were unable to obtain sufficient financial information in relation to the completeness, existence and accuracy of the liabilities of the CRSB Group as replies to confirmation requests from certain creditors are outstanding. In addition, we are unable to obtain sufficient documentary evidence concerning the status of CRSB Group's litigation matters. We were unable to perform alternative audit procedures in relation to the above matters.

8. As at the date of this report, the component auditors of PT Chaswood Resources and its subsidiaries, Chaswood Restaurant Management (Beijing) Co. Ltd and Yi Jun Restaurant Management (Shanghai) Co. Ltd were unable to complete their audit work.

Responsibilities of Management and Directors for the Financial Statements

9. As a result of the matters described in paragraphs 7 and 8 above, we were unable to obtain sufficient appropriate audit evidence on 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 are unable to determine whether any adjustments and/or additional disclosures to the financial statements was necessary.

10. 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.

11. 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

13. 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.

14. 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

15. 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.

16. 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

3 July 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	2017 RM'000 (Restated)
Continuing operations			
Revenue	5	3,603	3,899
Cost of sales		(1,508)	(1,529)
Gross profit		2,095	2,370
Other items of income			
Other gains	6	148	-
Other items of expenses			
Marketing and distribution costs		(22)	(44)
Administrative expenses	7	(3,418)	(3,361)
Other losses	8	-	(1,131)
Other expenses	9	(125)	(263)
Share of loss of associate	25	-	-
Loss before tax from continuing operations		(1,322)	(2,429)
Income tax expense	10	(190)	(185)
Loss for the year from continuing operations		(1,512)	(2,614)
Discontinued operations			
Loss for the year from discontinued operations	19	(8,467)	(66,164)
Total loss for the year		(9,979)	(68,778)
Other comprehensive income/ (loss), net of income tax			
Items that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of net assets of foreign operations, net of income tax		604	(1,615)
Total comprehensive loss for the year		(9,375)	(70,393)
Loss for the year attributable to:			
Owners of the Company		(9,965)	(68,750)
Non controlling interests		(14)	(28)
Loss after tax		(9,979)	(68,778)
Total comprehensive loss attributable to:			
Owners of the Company		(9,346)	(70,327)
Non controlling interests		(29)	(66)
Total comprehensive loss for the year		(9,375)	(70,393)
Loss per share			
- Basic and diluted for continuing and discountinued operations	11	(4.0)	(27.4)
- Basic and diluted for continuing operations	11	(0.6)	(1.0)

The accompanying notes form an integral part of the financial statements

		Group			Company		
		2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	Notes	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS							
Non-current assets							
Property and equipment	12	1,359	14,511	53,775	-	-	-
Intangible assets	13	-	282	15,467	-	-	-
Investment in subsidiaries	14	-	-	-	-	-	150,000
Investment in associate	25	-	199	-	-	-	-
		1,359	14,992	69,242	-	-	150,000
Current assets							
Inventories	15	57	3,007	3,718	-	-	-
Trade and other receivables	16	89	2,398	8,985	-	-	1,531
Other assets	17	268	10,606	16,004	-	-	3
Tax recoverable		-	839	-	-	-	-
Cash and cash equivalents	18	85	5,635	8,120	-	-	-
		499	22,485	36,827	-	-	1,534
Assets classified as held for sale	19B	21,891	-	583	-	-	-
		22,390	22,485	37,410	-	-	1,534
TOTAL ASSETS		23,749	37,477	106,652	-	-	151,534
EQUITY AND LIABILITIES							
Non-current liabilities							
Deferred tax liabilities	10	132	1,647	2,384	-	-	-
Other financial liabilities	22	-	333	16,675	-	-	-
		132	1,980	19,059	-	-	-
Current liabilities							
Provision for taxation		123	-	1,030	-	5	-
Trade and other payables	23	7,951	59,990	50,956	48,620	34,207	2,103
Other financial liabilities	22	8	37,342	26,980	-	-	-
Contract liabilities	24	-	246	315	-	-	-
		8,082	97,578	79,281	48,620	34,212	2,103
Liabilities directly associated with assets classified as held for sale	19B	86,991	-	-	-	-	-
		95,073	97,578	79,281	48,620	34,212	2,103
Total Liabilities		95,205	99,558	98,340	48,620	34,212	2,103
Capital and Reserves							
Share capital	20	24,464	24,464	24,464	162,132	162,132	162,132
Accumulated losses		(94,863)	(84,898)	(16,148)	(240,191)	(195,265)	(12,723)
Other reserves	21	(824)	(1,443)	134	29,439	(1,079)	22
Equity attributable to owners of the Company		(71,223)	(61,877)	8,450	(48,620)	(34,212)	149,431
Non-controlling interests		(233)	(204)	(138)	-	-	-
Total equity		(71,456)	(62,081)	8,312	(48,620)	(34,212)	149,431
TOTAL EQUITY AND LIABILITIES		23,749	37,477	106,652	-	-	151,534

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	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							
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)
2017							
Balance as at 1 January 2017		24,464	134	(16,148)	8,450	(138)	8,312
Movement in equity:							
Loss after tax		-	-	(68,750)	(68,750)	(28)	(68,778)
Effects of translation of net assets of foreign operations	21A	-	(1,577)	-	(1,577)	(38)	(1,615)
Total comprehensive loss for the year		-	(1,577)	(68,750)	(70,327)	(66)	(70,393)
Balance as at 31 December 2017		24,464	(1,443)	(84,898)	(61,877)	(204)	(62,081)

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

	Notes	Share Capital RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Company					
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)
2017					
Balance as at 1 January 2017		162,132	22	(12,723)	149,431
Movement in equity:					
Loss after tax		-	-	(182,542)	(182,542)
Effects of translation of net assets of foreign operations	21A	-	(1,101)	-	(1,101)
Total comprehensive loss for the year		-	(1,101)	(182,542)	(183,643)
Balance as at 31 December 2017		162,132	(1,079)	(195,265)	(34,212)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Notes	Group 2018 RM'000	Group 2017 RM'000
Cash flow from operating activities			
Loss before income tax from continuing operations		(1,322)	(2,429)
Loss before income tax from discontinued operations		(9,105)	(67,085)
		(10,427)	(69,514)
Adjustment for:			
Amortisation for franchise agreement cost	13B & 29B	25	495
Deposits and prepayment written off	29B	303	1,462
Depreciation of property and equipment	12 & 29B	1,165	6,557
Fair value adjustment on earn out payable		-	323
Gain on disposal of non-current assets classified as held for sale		-	(832)
Gain on disposal of subsidiary	14	-	(415)
Impairment loss on:-			
Franchise agreement cost		-	901
Property and equipment	29B	1,705	29,979
Other receivables		-	1,948
Goodwill		-	13,817
Interest expense	19A	3,358	2,622
Interest income		(48)	(174)
Inventories written off		-	2
(Gain)/ loss on disposal of property and equipment		(51)	938
Property and equipment written off		-	2,392
Share of loss of associate	25	3	1
Unrealised loss on foreign exchange		260	2,600
Operating loss before working capital changes		(3,707)	(6,898)
Inventories		1,212	683
Other assets		4,840	3,082
Trade and other receivables		342	5,398
Trade and other payables		(4,411)	1,630
Cash (used in)/ generated from operation		(1,724)	3,895
Tax paid		(304)	(638)
Net cash (used in)/ generated from operating activities		(2,028)	3,257
Cash flows from investing activities			
Interest received		48	174
Net cash inflows arising from disposal of subsidiary	14	-	1,736
Proceeds from disposal of non-current assets classified as held for sale		-	1,415
Proceeds from disposal of property and equipment		53	462
Purchase of property and equipment	12	(37)	(3,589)
Net cash used in investing activities		64	198

The accompanying notes form an integral part of the financial statements

(cont'd)

	Notes	Group 2018 RM'000	Group 2017 RM'000
Cash flows from financing activities			
Repayment of borrowings		(1,753)	(5,417)
Net finance lease payables		(315)	266
Advances from shareholders		-	1,600
Decrease in cash restricted in use		1,753	1,653
Interest paid		(21)	(1,688)
Decrease in bills payable		(1,000)	(1,000)
Net cash used in financing activities		(1,336)	(4,586)
Net decrease in cash and cash equivalents		(3,300)	(1,131)
Effect of exchange rate changes		(140)	-
Cash and cash equivalents at the beginning of the year		(684)	447
Cash and cash equivalents at the end of the year	18A	(4,124)	(684)
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 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 sales RM'000	31 December 2018 RM'000
Bank borrowings (Note 22A)	16,729	(1,753)	2,252	-	(17,228)	-
Finance lease payables (Note 22B)	550	(315)	-	-	(235)	-
Exchangeable bonds (Note 22C)	9,211	-	1,403	(1,148)	(9,466)	-
Bills payable (Note 22E)	1,000	(1,000)	-	-	-	-
Earn out payables (Note 22F)	5,630	-	-	-	(5,630)	-
	33,120	(3,068)	3,655	(1,148)	(32,559)	-

	1 January 2017 RM'000	Cash flows RM'000	Finance costs RM'000	Non-cash Foreign exchange movement RM'000	Non-cash finance costs RM'000	Non-cash Fair value adjustment RM'000	31 December 2017 RM'000
Bank borrowings (Note 22A)	22,146	(3,772)	(1,645)	-	-	-	16,729
Finance lease payables (Note 22B)	284	309	(43)	-	-	-	550
Exchangeable bonds (Note 22C)	9,476	-	-	(1,199)	934	-	9,211
Bills payable (Note 22E)	2,000	(1,000)	-	-	-	-	1,000
Earn out payables (Note 22F)	5,493	-	-	(186)	-	323	5,630
Advances from shareholders	5,985	1,600	-	-	-	-	7,585
	45,384	(2,863)	(1,688)	(1,385)	934	323	40,705

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 2018 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. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s")

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial statements under SFRS(I) for the financial year ended 31 December 2018. As a result, the audited financial statements for the year ended 31 December 2017 was the last set of financial statements prepared under the previous Financial Reporting Standards in Singapore ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

Optional exemptions applied on adoption of SFRS(I)

For first-time adopters, SFRS(I) 1 allows the exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

a) SFRS(I) 3 *Business Combinations* has not been applied to business combinations that occurred before the date of transition on 1 January 2017. The same classification as in its previous SFRS financial statements has been adopted.

b) SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* has not been applied retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SFRS(I) on 1 January 2017. Such fair value adjustments and goodwill continue to be accounted for using the same basis as under SFRS 21.

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

Optional exemptions applied on adoption of SFRS(I) (cont'd)

c) The Group has not reassessed the determination of whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

d) The Group has elected to apply the requirements in SFRS(I) 1-23 *Borrowing Costs* from the date of transition to SFRS(I) on 1 January 2017. Borrowing costs that were accounted for previously under SFRS prior to date of transition are not restated.

e) The Group has elected the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the information presented for 2017 is presented, as previously reported, under SFRS 39 *Financial Instruments: Recognition and Measurement*. Arising from this election, the Group is exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosures* to the extent that the disclosures as required by SFRS(I) 7 to items within the scope of SFRS(I) 9.

f) The Group has elected to apply the transitional provisions under paragraph C5 of SFRS(I) 15 at 1 January 2018 and have used the following practical expedients as allowed under SFRS(I) 1 as follows:
   i. the Group has not restated those completed contracts that began and ended in the same annual reporting in 2017 and contracts completed at 1 January 2017;
   ii. for completed contracts that have variable consideration, the Group has used the transaction price at the date the contract was completed, rather than estimating the variable consideration amounts in the comparative reporting period;
   iii. for contracts which were modified before 1 January 2017, the Group did not retrospectively restate the contract for those contract modifications; and
   iv. for the year ended 31 December 2017, the Group did not disclose the amount of transaction price allocated to the remaining performance obligations and explanation of when the Group expects to recognise that amount as revenue.

First-time adoption of SFRS(I) and adoption of New Standards

SFRS(I) 1

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) 1 ("date of transition"). The adoption of SFRS(I) 1 did not have an impact on the financial position, financial performance and cash flows of the Group for the comparative periods presented.

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards (cont'd)

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers, and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of SFRS(I) 15 did not have an impact on the Group's financial performance.

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. The Group's revenue mainly comprises of restaurant sales.

In the previous financial year, the Group recognised revenue when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is not recognised to the extent there are significant uncertainties regarding recovery of the consideration due, associated costs or possible returns of goods. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed.

Modified retrospective approach

The Group has elected to apply the changes in accounting policies retrospectively with the cumulative effect of initially applying SFRS(I) 15 recognised as an adjustment to the opening balance of retained earnings as at 1 January 2017. As the application of the SFRS(I) 15 did not have a significant impact on the Group's financial performance, therefore the comparative information has not been restated.

SFRS(I) 9 Financial Instruments

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

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards (cont'd)

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

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policy Note 3(q)). Additionally, the Group is exempted from complying with SFRS(I) 7 relate to the items within the scope of SFRS(I) 9. As a result, the requirements under FRSs are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.

  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for trading as at fair value through other comprehensive income ("FVOCI"); and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss ("FVPL").

- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

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

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

First-time adoption of SFRS(I) and adoption of New Standards (cont'd)

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

(i) Classification of financial assets and financial liabilities

The following are the qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of SFRS(I) 9.

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

The adoption of SFRS(I) 9 did not have a significant effect on the Group's accounting policy for financial assets and liabilities except that trade and other receivables, due from subsidiaries and associate, loans to subsidiaries, fixed deposits and cash and bank balances that were classified as loans and receivables under FRS 39 are now classified as amortised cost.

(ii) Impairment of financial assets

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

The application of SFRS(I) 9 impairment requirements at 1 January 2018 did not have significant impact on the financial performance and financial position of the Group. Additional information about how the Group measures the allowance for impairment is described in Note 30D.

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

SFRS(I)s and SFRS(I) INTs issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

		Effective for annual financial periods beginning on or after
SFRS(I) 16	*Leases*	1 January 2019
SFRS(I) INT 23	*Uncertainty over Income Tax Treatments*	1 January 2019
SFRS(I) 9	*Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation*	1 January 2019
SFRS(I) 1-28	*Amendments to SFRS(I) 1-28: Long-term interests in Associates and Joint Ventures*	1 January 2019
	Annual Improvements to SFRS(I) 2015-2017 Cycle	1 January 2019
	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

Except for amendments to SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

SFRS(I) 16 Leases

SFRS(I) 16 *Leases* 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. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

2. Application of Singapore Financial Reporting Standards (International) ("SFRS(I)s") (cont'd)

SFRS(I)s and SFRS(I) INTs issued but not yet effective (cont'd)

SFRS(I) 16 Leases (cont'd)

The Group plans to adopt SFRS(I) 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognises the cumulative effect of initially applying SFRS(I) 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group will elect the transition option to record, in respect of leases previously classified as operating leases, the right-of-use asset on 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 31 December 2018. The Group also plans to adopt an expedient offered by SFRS(I) 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

As disclosed in Note 27, the Group leases offices under non-cancellable operating lease agreements. As at 31 December 2018, the minimum lease payments committed under non-cancellable operating leases amounted to RM10,845,000 (Note 27). The Group is in the process of assessing the potential impact that will result from the application of SFRS(I) 16.

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 ("FRSs"). These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are prepared in Ringgit Malaysia (RM), which is the functional currency of the Company. All financial information presented in Ringgit Malaysia have been rounded to the nearest thousand, unless otherwise stated.

Going concern

The Group incurred a loss after tax of RM9,979,000 (2017: RM68,778,000) and a total comprehensive loss of RM9,375,000 (2017: RM70,393,000) for the current financial year ended 31 December 2018. As at 31 December 2018, the Group's and Company's current liabilities exceeded their current assets by RM72,683,000 (2017: RM75,093,000) and RM48,620,000 (2017: RM34,212,000) respectively. In addition, the Group and the Company have negative total equity of RM71,456,000 (2017: negative total equity of RM62,081,000) and RM48,620,000 (2017: RM34,212,000) for the current financial year ended 31 December 2018 respectively.

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

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

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

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:

- Proposed 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 ("TAP") and the sole director is Mr Ng Teck Wah, 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 2018, the CRSB Group subject to disposals (Note 19A) contributed a loss after tax of RM8,467,000 (2017: RM66,164,000). The net liabilities relating to the CRSB Group subject to disposals (Note 19B) amounted to approximately RM65,100,000 as at 31 December 2018.

- Term Loan Facilities

The Group defaulted on its term loan facilities during the financial year as the Group was unable to meet the pre-requisite loan repayments as and when they fell due. The outstanding balance as at 31 December 2018 amounted to approximately RM17,228,000 (2017: RM16,729,000) as included in liabilities directly associated with assets classified as held for sale as disclosed in Note 19B to the financial statements.

The Group has obtained the approval from the financial institution lenders ("Scheme Lenders") for the Malaysia Scheme of Arrangement ("SOA") during a court convened meeting ("CCM") held on 9 November 2018 of which the court has granted sanction to the results of the CCM on 14 January 2019. The proposed settlement to the Scheme Creditors under the SOA comprises upliftment of fixed deposits, sale of residential properties, sale of TGI Friday's and Teh Tarik Place businesses, issuance of new shares of the Company and waiver of debt. The Group is in the midst of implementing the SOA.

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

(a) ***Basis of Presentation*** (cont'd)

Going concern (cont'd)

- Exchangeable Bonds

The Company and its wholly-owned 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 SGD3,000,000 redeemable exchangeable bonds (the "Exchangeable Bonds") by the Issuer to the Investor at the issue price of SGD500,000 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.

Subsequent to the prior financial year ended 31 December 2017, the Group entered into a supplemental Exchangeable Bond Agreement (the "Agreement") with the Investor and the Agreement states that the maturity date of the Exchangeable Bond shall be postponed from 23 April 2017 to 23 April 2018. As at 31 December 2018, the outstanding exchangeable bonds amounting to RM9,466,000 (2017: RM9,211,000) have been reclassified to liabilities directly associated with assets classified as held for sale.

The Company received a statutory demand dated 15 January 2019 from the interim judicial managers of the Investor, seeking a payment of SGD3,000,000 for the principal amount of the REB which is overdue for redemption. As at the date of these financial statements, the Company has yet to receive any further notices from the interim judicial managers of the Investor.

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 ("Moratorium Application"). The Court has fixed for the Moratorium Application to be heard on 9 July 2019 before a High Court Judicial Commissioner ("Hearing").

Further to the Moratorium Application, the Company proposes to implement a scheme of arrangement ("Scheme") with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Scheme are targeted to be finalized during the 12-week period of the Moratorium if the Moratorium is granted at the Hearing. The Scheme 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.

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

(a) Basis of Presentation (cont'd)

Going concern (cont'd)

- Earn-Out Payable

Earn out payables of the Group included in liabilities directly associated with assets classified as asset held for sale (Note 19B) as disclosed in Note 22F to the financial statements, relates to the balance purchase price for the acquisition of Beijing TGIF and Yi Jun Restaurant Management (Shanghai) Co. Ltd. which shall be payable in three (3) equal instalments due on 15 April 2016, 2017 and 2018 respectively subject to certain terms and conditions as stated in the sales and purchase agreement ("SPA") dated 20 April 2015.

As at 31 December 2018, all three (3) instalments totalling approximately RM 5,630,000 (2017: RM5,630,000) of which the Group has yet to settle.

The Group is currently in negotiations with the franchise holder to seek an amicable solution to the overdue earn-out payable and whilst the negotiations remain on-going as at the date of the financial statements, management is confident of a positive outcome. In addition, upon disposal of CRSB Group, the earn-out payable will not be part of the Group given that it is part of the liabilities of CRSB Group.

- Outstanding Rental Payable

The Group is currently in negotiations with the relevant landlords of the remaining operating outlets in relation to certain outstanding rental payables.

Management is confident that an amicable settlement plan will be reached with these landlords to enable the Group to fulfill its rental obligations and for the respective outlets to continue their operations. As disclosed in Note 31 to the financial statements, certain landlords of the closed outlets had entered into legal proceedings against the respective subsidiaries.

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.

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.

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

(b) ***Group Accounting*** (cont'd)

Subsidiaries (cont'd)

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

Most of the subsidiaries in the Group operate principally in Malaysia, and the functional currency of these entities is the Malaysian ringgit, as it reflects the primary economic environment in which these subsidiaries operate. The functional currency of the Company and the Singapore subsidiaries is Ringgit Malaysia ("RM").

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	-	2%
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

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.

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

(l) Leases (cont'd)

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.

(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).

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

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

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.

(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

Applicable to reporting periods before 1 January 2018

Until 31 December 2017, the Group classifies its financial assets as loans and receivables based on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "other assets" and "cash and cash equivalents" on the statement of financial position.

(i) Initial recognition, measurement and de-recognition

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset 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 asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised based on the de-recognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ii) Subsequent measurement

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: There were no financial assets classified in this category.

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

(q) Financial Assets (cont'd)

Applicable to reporting periods before 1 January 2018 (cont'd)

(ii) Subsequent measurement (cont'd)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectible. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: There were no financial assets classified in this category.

4. Available for sale financial assets: There were no financial assets classified in this category.

Applicable to reporting periods from 1 January 2018

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.

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

(q) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Classification and measurement (cont'd)

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)

Applicable to reporting periods from 1 January 2018 (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.

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

(q) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Impairment (cont'd)

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.

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.

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

(q) Financial Assets (cont'd)

Applicable to reporting periods from 1 January 2018 (cont'd)

Impairment (cont'd)

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.

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.

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

(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.

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.

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

(t) Financial Liabilities (cont'd)

(i) Initial recognition, measurement and de-recognition (cont'd)

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.

(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.

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

(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.

(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.

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

(w) Fair Value Measurement (cont'd)

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.

(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.

(z) Earn out payables ("EOP")

EOP relates to the balance purchase price for the acquisition of Beijing TGI Friday's Restaurant Co. Ltd. ("TGIF Beijing") and Yi Jun Restaurant Management (Shanghai) Co. Ltd. ("Yi Jun") (Note 22F) which was to be payable in three (3) equal instalments due on 15 April 2016, 2017 and 2018 respectively subject to certain terms and conditions as stated in the sales and purchase agreement ("SPA") dated 20 April 2015.

The EOP is classified as financial liability categorised as fair value through profit or loss, representing the amounts due and payable.

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 2018, the Group has property and equipment stated at carrying value of RM1,359,000 (2017: RM14,511,000) (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, the Group recognised an impairment loss amounting to RM1,705,000 (2017: RM29,979,000) due to restaurant outlets closure.

Useful lives of leasehold improvements and equipment

The estimates for the useful lives and related depreciation charges for leasehold improvements and equipment are based on commercial and other factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. 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. The carrying amount of the specific asset (or class of assets) at the end of the financial year affected by the assumption is RM1,359,000 (2017: RM14,157,000) (Note 12).

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

Loss allowance of trade receivables

The Group uses a provision rates to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision rates is initially based on the Group's historical observed default rates. The Group will calibrate the rates to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The information about the ECLs on the Group's trade receivables is disclosed in Note 30D. The carrying amount of the Group's trade receivables as at 31 December 2018 was RM60,000 (2017: RM1,875,000) (Note 16).

Impairment of assets classified as held for sale

During the financial year ended 31 December 2018, management committed to Proposed Disposal 1 and Proposed Disposal 2 as disclosed in Note 19. Accordingly, the assets and liabilities related to the Proposed Disposal 1 and 2 have been reclassified to assets and liabilities held for sale. Management estimate that the assets classified as held for sale at the lower of its carrying amount and fair value less cost to sell, and liabilities directly associated with those assets are properly accrual. The carrying amount of the assets and liabilities held for sale at the end of the financial year are RM21,891,000 and RM86,991,000 respectively (Note 19B).

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.

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

Income taxes

The Group is presently subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the Group-wide provision for income taxes. The entity recognises tax liabilities and assets tax based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10.

5. Revenue

	Group	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Sale of food beverages	3,603	3,899

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

6. Other Gains

	Group	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Unrealised gain on foreign exchange	147	-
Gain on disposal of property and equipment	1	-
	148	-

7. Administrative Expenses

	Group	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Audit fees paid and payable to:		
- independent auditors of the Company	183	218
- independent auditors of the subsidiaries	6	7
Employee benefits expenses	809	928
Operating supplies	60	67
Rental of apartments, office premises and storage	37	19
Rental of restaurant premises	660	709
Repair and maintenance	58	44
Utilities	149	175
Employee benefits expense:		
Salaries and other short-term employee benefits	742	871
Contributions to defined contribution plans	67	57
	809	928

8. Other Losses

	Group	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Unrealised loss on foreign exchange	-	1,131

9. Other Expenses

	Group	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Continuing operations		
Depreciation of property and equipment	125	263

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% (2017: 17%) to loss before income tax as a result of the following differences:

	Group	
	2018	2017
	RM'000	RM'000
Current tax expense:		
- current financial year	220	-
- underprovision in prior year	-	51
	220	51
Deferred tax:		
- temporary differences	(30)	18
- underprovision in prior year	-	116
	(30)	134
Total income tax expense relating to continuing operation	190	185

	Group	
	2018	2017
	RM'000	RM'000
Loss before tax from continuing operation	(1,322)	(2,429)
Income tax at the above rate	(225)	(413)
Tax effects of:		
- non deductible expenses	1	-
- non taxable income	-	(46)
- effect of different tax rates in different countries	(93)	(170)
- deferred tax assets not recognised	507	680
- overprovision of income tax expense in prior year	-	116
- underprovision of deferred tax expense in prior year	-	18
Total income tax expense	190	185

10. Income Tax (cont'd)

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

	Group	
	2018	2017
	RM'000	RM'000
Deferred tax balance in statement of financial position		
At the beginning of the financial year	1,647	2,384
Recognised in current financial year	(852)	(737)
Reclassified to assets held for sales	(663)	-
At the end of the financial year	132	1,647

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

Deferred tax liabilities :		
- Excess of net book value of equipment over tax values	1,679	4,756
Deferred tax assets :		
- unutilised tax losses	(622)	(1,447)
- unabsorbed capital allowances	(247)	(574)
- other temporary differences	(678)	(1,088)
	132	1,647

	Group	
	2018	2017
	RM'000	RM'000
Deferred tax assets have not been recognised in respect of the following temporary differences:		
- unutilised tax losses	-	38,457
- unabsorbed capital allowances	94	11,908
- others	-	2,218
	94	52,583

10. Income Tax (cont'd)

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 loss-making subsidiaries 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	
	2018	**2017**
	RM'000	**RM'000**
		(Restated)
Loss attributable to owners of the Company	(9,979)	(68,778)
Loss used in the calculation of total basic loss per share	(9,979)	(68,778)
Loss for the year from discontinued operations used in the calculation of basic loss per share from discontinued operations	(8,467)	(66,164)
Loss used in the calculation of basic loss per share from continuing operations	(1,512)	(2,614)
	No: '000	No: '000
Weighted average number of equity shares	250,605	250,605
Loss per share		
Basic and diluted from continuing operations	(0.6)	(1.0)
Basic and diluted from discontinued operations	(3.4)	(26.4)
Total loss per share	(4.0)	(27.4)

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

11. Loss per Share (cont'd)

There is no dilutive effect from the exchangeable bonds as they are anti-dilutive because their conversion to ordinary shares would decrease loss per share. 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 2018 and 2017.

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 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
Written off	-	-	-	-
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
Written off	-	-	-	-
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)

	Leasehold buildings RM'000	Leasehold improvements RM'000	Equipment RM'000	Total RM'000
Group				
2017				
Cost				
At 1 January 2017	459	44,636	53,904	98,999
Additions	-	2,336	1,786	4,122
Written off	-	(2,099)	(4,099)	(6,198)
Disposals	-	(1,288)	(1,253)	(2,541)
Foreign exchange adjustments	-	563	84	647
At 31 December 2017	459	44,148	50,422	95,029
Accumulated depreciation and impairment losses				
At 1 January 2017	97	22,522	22,605	45,224
Charge for the year	8	2,957	3,592	6,557
Written off	-	(1,513)	(2,293)	(3,806)
Disposals	-	(250)	(891)	(1,141)
Impairment	-	15,589	14,390	29,979
Foreign exchange adjustments	-	3,324	381	3,705
At 31 December 2017	105	42,629	37,784	80,518
Net book value				
At 31 December 2017	354	1,519	12,638	14,511
1 January 2017				
Cost	459	44,636	53,904	98,999
Accumulated depreciation and impairment losses	97	22,522	22,605	45,224
Net Book Value	362	22,114	31,299	53,775

12. Property and Equipment (cont'd)

Certain items are under finance lease agreements (see Note 22B). Acquisition of property and equipment are satisfied by the following:-

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Total additions	37	4,122	2,418
Finance lease arrangement	-	(533)	(201)
Cash payment	37	3,589	2,217

In the previous financial year, certain leasehold improvements and equipment of the Group were fully impaired due to restaurant outlets closure. This arose from the management's 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, which include the budgeted gross margin, growth rate and discount rate of the operating restaurants, are disclosed in Note 13.

In the previous financial year, leasehold building amounting to RM83,000 was pledged as security for a banking facility (Note 22A).

13. Intangible Assets

	Group			**Company**		
	2018 RM'000	**2017 RM'000**	**1 Jan 2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**1 Jan 2017 RM'000**
Goodwill (Note 13A)	-	-	14,394	-	-	-
Franchise agreement cost (Note 13B)	-	282	1,073	-	-	-
	-	282	15,467	-	-	-

13. Intangible Assets (cont'd)

13A. Goodwill

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost						
At the beginning of the year	13,817	14,394	14,204	-	-	-
Disposal of subsidiary	-	(384)	-	-	-	-
Foreign exchange adjustment	-	(193)	190	-	-	-
At the end of the year	13,817	13,817	14,394	-	-	-
Allowance of impairment						
At the beginning of the year	13,817	-	-	-	-	-
Impairment loss for the year	-	13,817	-	-	-	-
At the end of the year	13,817	13,817	-	-	-	-
Net carrying amount	-	-	14,394	-	-	-

The goodwill mainly relates to the initial acquisition of TGI Fridays business in 2002 and the acquisition of TGI Fridays business in China in 2015.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment by each primary reporting segment as follows:

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Assets allocation:			
Malaysia	6,569	6,569	6,953
People's Republic of China ("PRC")	7,248	7,248	7,441
Less: Allowance for impairment	(13,817)	(13,817)	-
Net carrying amount	-	-	14,394

During the prior financial years, the Group assessed the recoverable amount of the goodwill and determined that the carrying amount of the goodwill exceeded its recoverable amount which resulted in full impairment of the goodwill.

13. Intangible Assets (cont'd)

13B. Franchise Agreement Cost

	Group			Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Cost						
At the beginning of the year	7,154	6,348	6,162	979	979	979
Foreign exchange adjustments	-	806	186	-	-	-
Reclassified as asset held for sale (Note 19B)	(7,154)	-	-	-	-	-
At the end of the year	-	7,154	6,348	979	979	979
Accumulated amortisation and impairment						
At the beginning of the year	6,872	5,275	3,819	979	979	979
Amortisation charge for the year	25	495	218	-	-	-
Impairment loss for the year	-	901	1,183	-	-	-
Foreign exchange adjustments	72	201	55	-	-	-
Reclassified as asset held for sale (Note 19B)	(6,969)	-	-	-	-	-
At the end of the year	-	6,872	5,275	979	979	979
Net book value						
At the end of the year	-	282	1,073	-	-	-

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 financial year ended 31 December 2018, all intangible assets of the Group with a carrying amount of RM185,000 solely comprise of license agreement for TGI Fridays were reclassified to assets held for sale (Note 19B). The franchise agreement costs are tested for impairment at the end of the financial year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit ("CGU") is the higher of its fair value less costs to sell or its value in use. The recoverable amounts of cash-generating units have been determined based on the value in use method.

During the previous financial year, an impairment loss of RM901,000 has been recognised to write down the carrying amount of franchise agreement cost for TGI Fridays as the result of restaurant outlets closure.

14. Investments in Subsidiaries

	Company 2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Unquoted equity shares at cost	150,954	150,954	150,954
Allowance for impairment	(150,954)	(150,954)	(954)
Unquoted equity shares net of impairment	-	-	150,000
Movement in allowance for impairment loss			
At the beginning of the year	(150,954)	(954)	(954)
Impairment loss for the year	-	(150,000)	-
At the beginning/end of the year	(150,954)	(150,954)	(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 RM150,000,000 was fully impaired in the previous financial year.

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Cost of investment 2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	Effective percentage of Equity interest 2018 %	2017 %	1 Jan 2017 %
Held by the Company							
Chaswood Resources Sdn. Bhd. [(1) (2)] Malaysia	Investment holding and restaurant operator	150,000	150,000	150,000	100	100	100
Chaswood Resources (Thailand) Co. Ltd [(2)] Thailand	Restaurant operator	954	954	954	90	90	90
Chaswood Global Pte. Ltd. [(4)] Singapore	Investment holding	(*)	(*)	(*)	100	100	100
Chaswood Sino Pte. Ltd.[(4)] Singapore	Investment holding	(*)	(*)	(*)	100	100	100
		150,954	150,954	150,954			

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Effective percentage of Equity interest 2018 %	2017 %	1 Jan 2017 %
Held by Subsidiaries				
Chaswood Resources Sdn. Bhd.				
Bistroamericana (P.J.) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (M) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (S.J.) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (J.B.) Sdn. Bhd. [1] Malaysia	Restaurant operator	20	20	100
Bistroamericana (T.C.) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistro Italiana (SJ) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (B.U.) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Trinity Square Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistro Italiana (JB) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistro Italiana (TC) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistro Italiana (TG) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Teh Tarik Place Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (Q.B.) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (BB) Sdn. Bhd.[1] Malaysia	Restaurant operator	100	100	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Effective percentage of Equity interest		
		2018	2017	1 Jan 2017
		%	%	%
Held by Subsidiaries (cont'd)				
Chaswood Resources Sdn. Bhd. (cont'd)				
Bistroamericana (SP) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
The Apartment Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistro Italiana (MT) Sdn Bhd (1) Malaysia	Dormant	100	100	100
Curry Leaf's Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistromalones (S) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Teh Tarik Place (SA) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistroamericana (IOI) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistroamericana (Hartamas) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistroamericana (TG) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistroamericana (WW) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistromalones (BB) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
The Apartment (BB) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistroamericana (A) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100
Bistrojapan (BB) Sdn. Bhd. (1) Malaysia	Restaurant operator	100	100	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Effective percentage of Equity interest 2018 %	2017 %	1 Jan 2017 %
Held by Subsidiaries (cont'd)				
Chaswood Resources Sdn. Bhd. (cont'd)				
Bistrojapan (BU) Sdn. Bhd. [1] Malaysia	Dormant	100	100	100
Bistroamericana (MT) Sdn. Bhd.[1] Malaysia	Dormant	100	100	100
Cafe Baci Sdn. Bhd.[1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (PM) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistrojapan (PM) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistro Italiana (PM) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (SA) Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bulgogi Brothers Restaurants Sdn. Bhd. [1] Malaysia	Restaurant operator	100	100	100
Bistroamericana (EC) Sdn. Bhd. [1] Malaysia	Dormant	100	100	100
Bistro Italiana (EC) Sdn. Bhd. [1] Malaysia	Dormant	100	100	100
Bistromalones (PJ) Sdn. Bhd. [1] Malaysia	Dormant	100	100	100
Chaswood Resources Pte. Ltd.[4] Singapore	Investment holding	100	100	100
PT Chaswood Resources [3] Indonesia	Investment holding	99	99	99
Chaswood Restaurant Management (Beijing) Co. Ltd [3] PRC	Restaurant operator	100	100	100

14. Investments in Subsidiaries (cont'd)

Name of Subsidiaries, Place of operations, and Country of incorporation	Principal activities	Effective percentage of Equity interest 2018 %	2017 %	1 Jan 2017 %
Held by Subsidiaries (cont'd)				
Chaswood Resources Pte. Ltd.				
Yi Jun Restaurant Management (Shanghai) Co. Ltd (3) PRC	Restaurant operator	100	100	100
Chaswood Resources (OR) Pte. Ltd. (4) Singapore	Dormant	100	100	100
Bistroamericana (KM) Pte. Ltd. (4) Singapore	Dormant	100	100	100
Bistromalones (313) Pte. Ltd. (4) Singapore	Dormant	100	100	100
Chaswood Capital Pte. Ltd. (4) Singapore	Investment holding	100	100	100
PT Chaswood Resources				
PT Chaswood Resources Jakarta (3) Indonesia	Restaurant operator	75	75	75
PT Chaswood Resources BB (3) Indonesia	Restaurant operator	75	75	75
Chaswood Global Pte. Ltd.				
Chaswood Resources (HK) Private Limited (5) Hong Kong	Dormant	100	100	100
Chaswood Sino Pte. Ltd.				
Chaswood Restaurant Management Shanghai Co. Ltd (3) (formerly known as Beijing TGI Friday's Restaurant Co Ltd.) PRC	Dormant	100	100	100

(*) Cost of investment is less than RM1,000.
(1) Audited by Morisson AAC, Malaysia.
(2) Cost of investment of RM150,000,000 and RM954,000 were fully impaired in financial year 2017 and 2014 respectively.
(3) Not yet audited as operations in the subsidiaries have been substantially scaled down during the year and there was a lack of resources to facilitate the completion of audits
(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 subsidiary

The Group disposed 80% equity interest in Bistroamericana (J.B.) Sdn. Bhd. for a consideration of RM1.6 million on 18 July 2017.

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
	2017
	RM'000
Net assets disposed:	
Property and equipment	832
Inventories	26
Trade and other receivables	95
Amounts due from related companies	593
Provision for tax	39
Cash on hand	1
Deferred tax liabilities	(92)
Trade and other payables	(356)
Bank overdraft	(137)
Goodwill	384
	1,385
Sales proceed	1,600
Fair value of remaining equity interest	200
Total disposal proceed	1,800
Gain on disposal	415
Cash inflow arising from disposal:	
Cash consideration received	1,600
Cash and cash equivalents of subsidiary disposed:-	
- Cash on hand	(1)
- Bank overdraft	137
	136
Net cash inflow from disposal of subsidiary	1,736

15. Inventories

	Group 2018 RM'000	Group 2017 RM'000	Group 1 Jan 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000	Company 1 Jan 2017 RM'000
Food and beverage	57	3,007	3,718	-	-	-
Continuing operations						
The amount of inventories included in cost of sales	(1,508)	(1,529)	(1,921)	-	-	-

There are no inventories pledged as security for liabilities.

16. Trade and Other Receivables

	Group 2018 RM'000	Group 2017 RM'000	Group 1 Jan 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000	Company 1 Jan 2017 RM'000
Trade receivables						
Gross						
Outside parties	821	1,875	5,675	-	-	-
Reclassified as asset held for sale	(761)	-	-	-	-	-
	60	1,875	5,675	-	-	-
Other receivables						
Outside parties	3,179	2,471	3,310	-	-	7
Subsidiaries	-	-	-	1,328	1,328	1,524
Reclassified as asset held for sale	(3,150)	-	-	-	-	-
Allowance for impairment and reclassifications						
At 1 Jan	(1,948)	-	-	(1,328)	-	-
Reclassified as asset held for sale	1,948	-	-	-	-	-
Impairment for the year	-	(1,948)	-	-	(1,328)	-
At 31 Dec	-	(1,948)	-	(1,328)	(1,328)	-
	29	523	3,310	-	-	1,531
At the end of the year	89	2,398	8,985	-	-	1,531

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

17. Other Assets

	Group			Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Prepayments	7	513	3,598	-	-	3
Rental deposits	261	10,093	12,406	-	-	-
	268	10,606	16,004	-	-	3

18. Cash and Cash Equivalents

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Cash and bank balances	85	3,871	4,703
Fixed deposits with licensed banks [a]	-	1,764	3,417
	85	5,635	8,120
Not restricted in use	85	3,871	4,703
Restricted in use [a]	-	1,764	3,417
At the end of the year	85	5,635	8,120

(a) This amount is pledged as security for bank borrowings obtained (Note 22).

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

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Amount shown above	85	5,635	8,120
Cash and cash equivalents included in a disposal group held for sale (Note 19B)	1,916	-	-
Bank overdrafts (Note 22)	(8)	(4,555)	(4,256)
Bank overdrafts included in a disposal group held for sale	(6,106)	-	-
Cash restricted in use over 3 months	(11)	(1,764)	(3,417)
Cash and cash equivalents for statement of cash flows purposes at the end of the year	(4,124)	(684)	447

19. Discontinued Operations

19A. Loss for the year from discontinued operations

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 RM88,521,000 and RM96,563,000 to the Group's total revenue and total expenses for the financial year ended 31 December 2018. As part of the Group's business rationalization strategy and proposed settlement plan for the Scheme 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 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 assets and liabilities related to the Proposed Disposal 1 have been reclassified to assets and liabilities held for sale.

(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 Group 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 Purchaser 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 will be effected via the sale of 100% equity interest in Bistromalones (PJ) Sdn Bhd (the investment holding company which will own the subsidiaries listed below) to the Purchaser. The assets and liabilities related to the Proposed Disposal 2 of CRSB which own the Target Businesses have been reclassified to assets and liabilities held for sale.

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 (PJ) Sdn Bhd	100%	Operator of TGI Friday's Gurney Paragon mall, Penang
4	Bistroamericana (BU) Sdn Bhd	100%	Operator of TGI Friday's at 1 Utama Shopping Centre, Selangor
5	Bistroamericana (QB) Sdn Bhd	100%	Operator of TGI Friday's at Queensbay Mall, Penang
6	Bistroamericana (A) Sdn Bhd	100%	Operator of TGI Friday's at Alarnanda Shopping Centre, Putrajaya
7	Bistroamericana (Hartamas) Sdn Bhd	100%	Operator of TGI Friday's at Hartamas Shopping Centre, Kuala Lumpur
8	Bistroamericana (SP) Sdn Bhd	100%	Operator of TGI Friday's at Sunway Pyramid, Selangor
9	Bistroamericana (BB) Sdn Bhd	100%	Operator of TGI Friday's at Pavilion, Kuala Lumpur
10	Bistroamericana (JB) Sdn Bhd	20%	Operator of TGI Friday's at Wisma Jotic, Johor Bahru

19. Discontinued Operations (cont'd)

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

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	
	2018	**2017**
	RM'000	**RM'000**
Loss for the year from discontinued operations		
Revenue	84,918	134,206
Cost of sales	(27,188)	(44,548)
Administrative expenses	(59,879)	(95,097)
Other operating expenses	(2,960)	(58,103)
Finance costs	(3,358)	(2,622)
Loss for the year from discontinued operations	(8,467)	(66,164)
Cash flows from discontinued operations		
Net cash (outflows)/inflows from operating activities	(4,576)	3,517
Net cash inflows from investing activities	64	229
Net cash inflows/(outflows) from financing activities	1,732	(4,618)
Net cash outflows	(2,780)	(872)
Loss before income tax		
Discontinued operations		
This is arrived at after charging/(crediting):		
Included in administrative expenses:		
Audit fees	472	633
Employee benefits expenses	23,435	37,741
Rental of apartments, office premises and storage	1,279	1,950
Rental of restaurant premises	18,897	30,934
Repairs and maintenance	1,917	1,732
Included in other operating expenses:		
Depreciation of property and equipment	1,040	6,294
Amortisaton of franchise agreement cost	25	495

19. Discontinued Operations (cont'd)

19B. Assets classified as Held for Sale

		Group		
		2018	2017	1 Jan 2017
		RM'000	RM'000	RM'000
Total Assets				
Reclassified from property and equipment	(a)	-	-	583
Assets related to the CRSB - Proposed Disposal 1	(b)	17,254	-	-
Assets related to the CRSB which own TGI Friday's and Teh Tarik Place businesses - Proposed Disposal 2	(c)	4,637	-	-
		21,891	-	583
Total Liabilities				
Liabilities related to the CRSB - Proposed Disposal 1	(b)	65,493	-	-
Liabilities related to the CRSB which own TGI Friday's and Teh Tarik Place businesses - Proposed Disposal 2	(c)	21,498	-	-
		86,991	-	-

(a) Reclassified from property and equipment

The Group entered into Sale and Purchase Agreements ("SPAs") to dispose buildings with a carrying value of RM583,000 for a total cash consideration of RM1,665,000. The disposal of the buildings was completed during the financial year end 31 December 2017.

19. Discontinued Operations (cont'd)

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

(b) Assets related to CSRB - Proposed Disposal 1

The major classes of assets and liabilities at the end of the reporting period are 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)

(c) 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 are 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 liabilities, current	-
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					
	2018		2017		1 Jan 2017	
	No. of shares '000	RM'000	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 of the year	250,605	24,464	250,605	24,464	226,818	20,776
Issurance of shares	-	-	-	-	23,787	3,688
At the end of the year	250,605	24,464	250,605	24,464	250,605	24,464

	Company					
	2018		2017		1 Jan 2017	
	No. of shares '000	RM'000	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 of the year	250,605	162,132	250,605	162,132	226,818	158,444
Issurance of shares	-	-	-	-	23,787	3,688
At the end of the year	250,605	162,132	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		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Bank borrowings (Note 22A)	-	16,729	22,146
Finance lease payables (Note 22B)	-	550	284
Exchangeable bonds (Note 22C)	-	9,211	9,476
Bills payables (Note 22E)	-	1,000	2,000
Earn out payable (Note 22F)	-	5,630	-
Bank overdrafts (Note 22D)	8	4,555	4,256
	8	37,675	38,162
Less: Cash and cash equivalents (Note 18)	(85)	(5,635)	(8,120)
Net debts	(77)	32,040	30,042
Total equity	(71,456)	(62,081)	8,312
Debt-to-equity ratio	N/A	N/A	3.6

N/A: Denote not meaningful

21. Other Reserves

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Translation reserve (Note 21A)	(1,012)	(1,631)	(54)	29,439	(1,079)	22
Capital reserve (Note 21B)	188	188	188	-	-	-
	(824)	(1,443)	134	29,439	(1,079)	22

21. Other Reserves (cont'd)

21A. Translation Reserve

	Group			Company		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At the beginning of the year	(1,631)	(54)	4,481	(1,079)	22	2,543
Net currency translation differences of net assets of foreign operations	619	(1,577)	(4,535)	30,518	(1,101)	(2,521)
At the end of the year	(1,012)	(1,631)	(54)	29,439	(1,079)	22

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.

21B. Capital Reserve

Capital reserve relates to the value of the options granted to the bondholder to convert their exchangeable bonds as disclosed in Note 22C into shares.

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Exchangeable Bonds			
At beginning/end of the year	188	188	188

22. Other Financial Liabilities

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Non-current			
Bank borrowings (Note 22A)	-	-	11,033
Finance lease payables (Note 22B)	-	333	149
Earn out payables (Note 22F)	-	-	5,493
	-	333	16,675
Current			
Bank borrowings (Note 22A)	-	16,729	11,113
Finance lease payables (Note 22B)	-	217	135
Exchangeable bonds (Note 22C)	-	9,211	9,476
Bank overdrafts (Note 22D)	8	4,555	4,256
Bills payable (Note 22E)	-	1,000	2,000
Earn out payables (Note 22F)	-	5,630	-
	8	37,342	26,980
	8	37,675	43,655

22A. Bank Borrowings

The bank borrowings are term loans that bear interest rates ranging from Base Rate (“BR”) + 0% to BR + 2.5% (2017: BR + 0% to BR + 2.5%) per annum. The term loans at the end of the financial year are secured by:

(i) Fixed and floating charges over all the present and future assets of certain subsidiaries; and

(ii) Pledge of the fixed deposits with licensed banks of the Group (Note 18).

Certain term loans are also covered by:

(i) Corporate guarantees of the Company and Chaswood Resources Sdn. Bhd.;

(ii) Legal assignment to licensed bank all rights, titles, benefits and interests to and in the insurance policies of certain subsidiaries.

22. Other Financial Liabilities (cont'd)

22A. Bank Borrowings (cont'd)

An analysis of the repayment amounts based on the repayment schedules in the loan agreements assuming the banks void the demand clause is as follows:

Term Loans	Number of Monthly Instalments	Monthly Instalment Amount	Commencement Date of Repayment	Amount Outstanding 2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
1	54	32,075	September 2012	-	-	67
2	53	22,300	April 2013	-	-	130
3	53	28,500	April 2013	-	-	170
4	60	36,039	April 2014	-	-	831
5	60	36,039	January 2014	-	-	839
6	53	26,200	April 2013	-	-	156
7	54	41,800	April 2013	-	-	359
8	54	34,710	April 2013	-	-	300
9	54	138,062	May 2015	-	7,148	7,724
10	60	39,937	November 2014	-	944	1,189
11	60	43,577	November 2014	-	932	1,190
12	60	230,669	November 2015	-	7,705	9,191
				-	16,729	22,146

The Group defaulted on its term loan facilities during the last financial year as the Group was unable to meet the prerequisite loan repayments as and when they fell due.

The Company's wholly owned subsidiary in Malaysia, namely CRSB engaged with the Scheme Lenders to propose a scheme of arrangement ("Scheme").

On 9 November 2018, CRSB held a Creditors' Convened Meeting ("CCM") for the purpose of considering and, if thought fit, approving the Scheme. The Scheme was detailed in the Explanatory Statement which was dispatched to the Scheme Creditors on 18 October 2018.

The Explanatory Statement contained detailed information on the Proposed Disposal of CRSB and the Scheme for the settlement of the Scheme Creditors, including *inter-alia*, the proposed settlement to the Scheme Creditors via upliftment of fixed deposits, sale of residential properties, sale of TGI Friday's and Teh Tarik Place businesses, issuance of new shares of the Company and waiver of debt, rationales of the Scheme, approvals required and estimated timeframe for the completion of the Scheme.

In the CCM, the Scheme Creditors have approved the Scheme with the requisite majority. On 15 January 2019, the court has granted sanction to the results of the CCM and thus, the Scheme shall be binding on the Scheme Creditors.

22. Other Financial Liabilities (cont'd)

22A. Bank Borrowings (cont'd)

Bank borrowings associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as held for sale.

22B. Finance Lease Payables

	Minimum Payments RM'000	Finance Charges RM'000	Present Value RM'000
2018			
Minimum finance lease payments			
- not later than 1 year	-	-	-
- later than one year and not later than 5 years	-	-	-
	-	-	-
2017			
Minimum finance lease payments			
- not later than 1 year	246	(29)	217
- later than one year and not later than 5 years	347	(14)	333
	593	(43)	550
1 Jan 2017			
Minimum finance lease payments			
- not later than 1 year	154	(19)	135
- later than one year and not later than 5 years	160	(11)	149
	314	(30)	284

The finance lease payables of the Group bear effective interest rates of 4.5% to 7.0% (2017: 4.5% to 7.0%) per annum.

The obligations under finance lease payables are secured by the lessor's charge over the leased assets.

Finance lease associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as held for sale.

22. Other Financial Liabilities (cont'd)

22C. Exchangeable Bonds

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Net proceeds	7,871	7,871	7,871
Equity component	(188)	(188)	(188)
	7,683	7,683	7,683
Interest accreted	3,406	3,151	2,217
Interest paid	(424)	(424)	(597)
Foreign exchange adjustments	(1,199)	(1,199)	173
Reclassified as asset held for sale	(9,466)	-	-
	-	9,211	9,476

The exchangeable bonds are convertible at the holder's option into ordinary shares of the Company on or before the maturity date (being three years from the date of the issuance of the Exchangeable Bonds). The amount reserved for the exchangeable bond is split between the liability component without conversion option and the equity component with conversion option.

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

The main features are as follows:

Tranche 1:

Date of issue	25 April 2014
Issue amount	SGD1,000,000 (approximately RM2,647,000)
Maturity date	23 April 2018
Interest rate	10.00 % per year (5% paid half-yearly and 5% rolled over principal which shall be payable in cash upon redemption)
Rate for an equivalent non-convertible bond of comparable companies	11.07%
Conversion features	Convertible at the holder's option into ordinary shares of the company on or before the maturity date.
Conversion ratio on issue	SGD0.30 per share for SGD1,000,000 of exchangeable bonds
Redemption features	Redeemable by maturity date

22. Other Financial Liabilities (cont'd)

22C. Exchangeable Bonds (cont'd)

Tranche 2:

Date of issue	5 December 2014
Issue amount	SGD500,000 (approximately RM1,324,000)
Maturity date	23 April 2018
Interest rate	10.00 % per year (5% paid half-yearly and 5% rolled over principal which shall be payable in cash upon redemption)
Rate for an equivalent non-convertible bond of comparable companies	11.07%
Conversion features	Convertible at the holder's option into ordinary shares of the company on or before the maturity date.
Conversion ratio on issue	SGD0.30 per share for SGD1,000,000 of exchangeable bonds
Redemption features	Redeemable by maturity date

22. Other Financial Liabilities (cont'd)

22C. Exchangeable Bonds (cont'd)

Tranche 3:

Date of issue	27 January 2015
Issue amount	SGD1,500,000 (approximately RM3,900,000)
Maturity date	23 April 2018
Interest rate	10.00 % per year (paid half-yearly and 5% rolled over principal which shall be payable in cash upon redemption)
Rate for an equivalent non-convertible bond of comparable companies	11.07%
Conversion features	Convertible at the holder's option into ordinary shares of the company on or before the maturity date.
Conversion ratio on issue	SGD0.30 per share for SGD1,000,000 of exchangeable bonds
Redemption features	Redeemable by maturity date

The Company via its wholly-owned 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 SGD3,000,000 redeemable exchangeable bonds (the "Exchangeable Bonds") by the Issuer to the Investor at the issue price of SGD500,000 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.

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.

The above exchangeable bonds remained outstanding as at 31 December 2018. In the previous financial year, the Group entered into a supplemental Exchangeable Bond Agreement (the "Agreement") with the Investor and the Agreement states that the maturity date of the exchangeable bond shall be postponed from 23 April 2017 to 23 April 2018 (the "Postponement"). Pursuant to the Postponement, a fixed charge over the assets of two of the Company's indirect subsidiaries shall be created in favour of the Investor.

Despite the postponement, the exchangeable bonds, which amounted to RM9,466,000 remained outstanding as at 31 December 2018. 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.

22. Other Financial Liabilities (cont'd)

22C. Exchangeable Bonds (cont'd)

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 ("Moratorium Application"). The Court has fixed for the Moratorium Application to be heard on 9 July 2019 before a High Court Judicial Commissioner ("Hearing").

Further to the Moratorium Application, the Company proposes to implement a scheme of arrangement ("Scheme") with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Scheme are targeted to be finalized during the 12-week period of the Moratorium if the Moratorium is granted at the Hearing. The Scheme 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.

22D. Bank Overdrafts

The bank overdrafts of the Group bear interest rates ranging from BR + 1.25% to BR + 1.5% (2017: BR + 1.25% to BR + 1.5%) per annum and are 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 (Note 18); and
(iii) Corporate guarantees of the Company and Chaswood Resources Sdn. Bhd.

Bank overdrafts associated with the CRSB Group to be disposed have been reclassified to other financial liabilities.

22E. Bills Payable

The bills payable of the Group bears a weighted average interest rate of 5.0% (2017: 5.0%) per annum and are secured by the same securities as the bank overdrafts (Note 22D).

22. Other Financial Liabilities (cont'd)

22F. Earn Out Payables

	Minimum Payments RM'000	Finance Charges RM'000	Present Value RM'000
2018			
Minimum finance lease payments			
- not later than 1 year	-	-	-
2017			
Minimum finance lease payments			
- not later than 1 year	5,630	-	5,630
1 Jan 2017			
Minimum finance lease payments			
- later than one year and not later than 5 years	6,378	(885)	5,493

Earn out payables of the Group relates to the balance purchase price for the acquisition of Beijing TGIF and Yi Jun Restaurant Management (Shanghai) Co. Ltd. (Note 14) which shall be payable on three (3) equal instalments due on 15 April 2016, 2017 and 2018 respectively subject to certain terms and conditions as stated in the sales and purchase agreement ("SPA") dated 20 April 2015.

The 1st instalment which was due on 15 April 2016 was deferred to 15 April 2018 as the Group did not fulfil the total gross sales target of both TGIF Beijing and Yi Jun for the period ended 28 March 2016 as stipulated in the SPA.

In the prior financial year, the Group estimated that it will not meet the total gross sales target for the period ended 27 March 2018 and this rendered the 2nd instalment (due on 15 April 2017) to be deferred to 15 April 2018. The Group did not meet the gross sales target for the period ended 27 March 2018 and as such, the 3rd instalment was due for payment on 15 April 2018 together with the 1st and 2nd instalments. As at the date of the financial statements, no payment was made by the Group.

Earn out payables associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as held for sale.

23. Trade and Other Payables

	Group			Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Trade payables						
Outside parties	335	12,257	16,368	-	-	-
Other payables						
Outside parties	2,821	37,078	24,506	1,015	1,070	639
Accruals	4,795	10,655	10,082	47,605	33,137	1,464
	7,616	47,733	34,588	48,620	34,207	2,103
At the end of the year	7,951	59,990	50,956	48,620	34,207	2,103

As at 31 December 2017, outside parties of the Group include amounts due to shareholders amounting to RM7,585,000 which are interest-free, unsecured and repayable within normal credit terms. As at 31 December 2018, the amount associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as asset held for sale.

As at 31 December 2018, included in accruals of the Company is an amount of RM41,368,000 (2017: RM31,495,000) which relates to accrued expenses pertaining to corporate guarantees granted by the Company as security for certain creditors, certain subsidiaries' banking facilities and exchangeable bonds under the CRSB Group. As at current year end, the related banking facilities and exchangeable bonds associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as asset held for sale.

24. Other Liabilities

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Contract liabilities	-	246	315

Contract liabilities represent a customer loyalty programme called "Pinch of Salt" in Malaysia that provides awards or points to programme members based on accumulated purchases. A portion of revenue attributable to the award of customer loyalty benefits is deferred until they are utilised.

The contract liabilities associated with the CRSB Group to be disposed have been reclassified to liabilities directly associated with assets classified as held for sale.

25. Investment in Associate

	Group 2018 RM'000	Group 2017 RM'000
At cost		
Unquoted shares		
At 1 January	200	-
Addition	-	200
Asset related to group held for sale	(200)	-
At 31 December	-	200
Share of post-acquisition reserve		
At 1 January	(1)	-
Share of loss for the year	(3)	(1)
Asset related to group held for sale	4	-
At 31 December	-	(1)
Net carrying amount	-	199
	-	-

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

Name of associate	Principal activity	Effective equity interest 2018 %	2017 %	1 Jan 2017 %
Bistroamericana (J.B.) Sdn. Bhd.	Restaurant operator	20%	20%	-

The summarised financial information of the associate are as follows:

	2018 RM'000	2017 RM'000
As at 31 December		
Total assets	1,221	1,264
Total liabilities	(243)	(272)
Net assets	978	992
For the financial year ended 31 December		
Loss for the financial year, representing total comprehensive loss for the financial year	15	7
Economic entity's share of results for the financial year ended 31 December		
Loss for the financial year	3	1

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:

The Company had the following transaction with related parties during the financial year:

	Company		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Subsidiaries			
Advances from subsidiaries	-	-	(1,283)

Significant related party transactions

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

		Group		
		2018	2017	1 Jan 2017
	Note	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	(i)	653	579	576
Interest expense of exchangeable bonds	(ii)	1,403	923	1,097
Interest-free shareholders loans	(iii)	-	1,600	5,985

(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.

(iii) Interest-free loans in previous year was from Mr Andrew Roach Reddy.

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

26A. Related Companies and Related Parties (cont'd)

The above named directors have significant influence over the Company.

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		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Salaries and other short-term employee benefits	1,498	1,739	2,460

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

	Group		
	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000
Remuneration of directors of the Company	-	-	572
Fees to directors of the Company	273	215	470

Andrew Roach Reddy voluntarily waived his salary, Datuk Jared Lim Chih Li (ex-director) and Ng Teck Wah voluntarily waived their director's fee, for the financial year ended 31 December 2018 and 2017.

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 ("Prof. 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 2018, the Company has not issued any Shares under the Share Issue Mandate.

27. Operating Lease Payment Commitments

At the end of the financial year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Not later than 1 year	10,521	12,897	14,057
Later than 1 year and not later than 5 years	324	6,304	15,748
	10,845	19,201	29,805
Rental expenses for the year	20,873	32,541	33,106

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

28. Contingent Liabilities

	Company		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Corporate guarantees granted by the Company as security for certain subsidiaries' banking facilities, exchangeable bonds and loans from certain creditors	41,368	31,495	25,732

The Company has accrued for the above contingent liabilities as at year end as disclosed in Note 23.

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	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	3,603	3,899	425	(837)	125	125	-	-	-	-	-	-
Singapore	-	-	(1,931)	(1,668)	-	-	-	-	-	-	-	-
Thailand	-	-	(6)	(109)	-	138	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-	-	-	-	-
	3,603	3,899	(1,512)	(2,614)	125	263	-	-	-	-	-	-
Discontinued operations												
Malaysia	46,031	77,209	(5,624)	(59,860)	1,040	3,474	-	127	-	-	338	23,780
Singapore	-	-	(1,816)	(555)	-	-	-	-	-	-	-	-
Indonesia	8,473	17,498	(66)	(240)	-	707	25	245	-	-	1,367	2,045
China	30,414	39,499	(961)	(5,509)	-	2,113	-	123	303	1,462	-	4,154
	84,918	134,206	(8,467)	(66,164)	1,040	6,294	25	495	303	1,462	1,705	29,979

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

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

	Group		
	2018	2017	1-Jan-17
	RM'000	*RM'000*	*RM'000*
Segment assets			
Continuing operations			
Malaysia	1,806	1,852	2,482
Singapore	3	-	1,469
Thailand	5	31	53
China	44	47	49
	1,858	1,930	4,053
Discontinued operations			
Malaysia	11,408	14,584	70,349
Singapore	-	4	413
China	3,613	10,864	16,374
Indonesia	6,870	10,095	15,463
	21,891	35,547	102,599
Segment liabilities			
Continuing operations			
Malaysia	2,580	1,704	2,276
Singapore	5,237	2,206	2,502
Thailand	377	364	308
China	20	-	21
	8,214	4,274	5,107
Discontinued operations			
Malaysia	65,441	72,327	70,074
Singapore	12,721	10,618	10,946
China	4,898	6,228	6,094
Indonesia	3,931	6,111	6,119
	86,991	95,284	93,233

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		
	2018	2017	1 Jan 2017	2018	2017	1 Jan 2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets:						
Cash and cash equivalents	85	5,635	8,120	-	-	-
Trade and other receivables	89	2,398	8,985	-	-	1,531
	174	8,033	17,105	-	-	1,531
Financial liabilities:						
Other financial liabilities	8	37,342	26,980	-	-	-
Trade and other payables	7,951	59,990	50,956	48,620	34,207	2,103
	7,959	97,332	77,936	48,620	34,207	2,103

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 RM'000	Loss allowance RM'000	Net carrying amount RM'000
Group					
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 Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades is presented as follows (cont'd):

	Internal credit rating	ECL	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000
Group					
2017					
Trade receivables (Note 16)	Performing	Lifetime ECL (Simplified)	1,875	-	1,875
Other receivables (Note 16)	Note 1	12-month ECL	2,471	(1,948)	523
Other assets (Note 17)	Performing	12-month ECL	10,093	-	10,093
1 Jan 2017					
Trade receivables (Note 16)	Performing	Lifetime ECL (Simplified)	5,675	-	5,675
Other receivables (Note 16)	Performing	12-month ECL	3,310	-	3,310
Other assets (Note 17)	Performing	12-month ECL	12,406	-	12,406

30. Financial Instruments (cont'd)

30D. Credit risk on financial assets (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 RM'000	Loss allowance RM'000	Net carrying amount RM'000
Company					
2018					
Other receivables (Note 17)	Note 1	12-month ECL	1,328	(1,328)	-
2017					
Other receivables (Note 17)	Note 1	12-month ECL	1,328	(1,328)	-
1 Jan 2017					
Other receivables (Note 17)	Performing	12-month ECL	1,531	-	1,531

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

FRS 39 - financial assets that are neither past due nor impaired

As at 31 December 2017 and 1 January 2017, trade and other receivables that are neither past due nor impaired are with credit-worthy debtors. Cash at banks and other financial assets are placed or entered into with reputable financial institutions.

30. Financial Instruments (cont'd)

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 RM'000	1 - 5 years RM'000	Total RM'000
Group			
Non-derivative financial liabilities			
2018			
Gross borrowing commitments	8	-	8
Gross finance lease payables	-	-	-
Trade and other payables	7,951	-	7,951
	7,959	-	7,959
Non-derivative financial liabilities			
2017			
Gross borrowing commitments	16,729	-	16,729
Gross finance lease payables	246	347	593
Trade and other payables	59,990	-	59,990
Earn out payables	5,630	-	5,630
Exchangeable bonds	9,211	-	9,211
	91,806	347	92,153
Non-derivative financial liabilities			
1 Jan 2017			
Gross borrowing commitments	12,141	12,054	24,195
Gross finance lease payables	154	160	314
Trade and other payables	50,956	-	50,956
Earn out payables	-	6,378	6,378
Exchangeable bonds	9,573	-	9,573
	72,824	18,592	91,416
Company			
Non-derivative financial liability			
2018			
Trade and other payables	48,620	-	48,620
2017			
Trade and other payables	34,207	-	34,207
1 Jan 2017			
Trade and other payables	2,103	-	2,103

30. Financial Instruments (cont'd)

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

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 (2017: 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 interest rate risk exposure is mainly from changes in fixed rates and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rates:

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Financial liabilities			
Fixed rates	-	15,316	16,016
Floating rates	-	16,729	27,639
	-	32,045	43,655

	Group		
	2018 RM'000	2017 RM'000	1 Jan 2017 RM'000
Financial liabilities:			
A hypothetical variation in interest rate by 50 basis points with all other variables held constant, would have an increase in pre-tax loss for the year	-	84	138

The interest rates are disclosed in the respective notes, and at the Company level, the amounts are not significant and are therefore not disclosed.

30. Financial Instruments (cont'd)

30G. Foreign currency risks

Analysis of amounts denominated in non-functional currency

	Ringgit Malaysia ("RM") RM'000
Company	
2017 and 2018	
Financial assets	
Trade and other receivables	-
1 Jan 2017	
Financial assets	
Trade and other receivables	1,531

	Company 2018 and 2017 RM'000	1 Jan 2017 RM'000
A hypothetical 10% strengthening in the exchange rate of the functional currency of RM against SGD with all other variables held constant would have a unfavourable effect on post-tax loss of the year	-	(127)

Sensitivity analysis

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant non-functional foreign currency. The sensitivity rate used is the reasonably possible change in foreign exchange rate. For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future. The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the following basis that there without taking into consideration hedged transactions.

31. Litigation

(i) On 24 May 2017, the landlord, namely MTrustee Berhad, commenced legal proceedings to foreclose and dispose of the Bistroamericana (SJ) Sdn. Bhd.'s assets at the leased premises for its restaurant located at Subang Parade Shopping Centre via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 10 July 2017 and Bistroamericana (SJ) Sdn. Bhd.'s assets at the demised premises were disposed of to a third party bidder/purchaser.

On 10 October 2017, MTrustee Berhad, commenced legal proceedings to recover vacant possession of the landlord's leased premises to recover an outstanding amount of RM773,000 owing to the landlord pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM868,000. No payment has been made in respect of this to-date.

Bistroamericana (SJ) Sdn. Bhd. received a sealed winding up petition dated 17 October 2018 pursuant to Rule 25(1) of the Companies (Winding-up) Rules 1972 from the solicitors representing MTrustee Berhad pertaining to the amount owing by Bistroamericana (SJ) Sdn. Bhd. to the landlord for the amount of RM879,037 together with claims for interest until payment and legal costs. The court fixed a date for a hearing pertaining to the winding up petition on 12 February 2019.

(ii) On 9 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by Bistroamericana (PM) Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM595,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until the report date is estimated at RM634,000. No payment has been made in respect of this to-date.

On 16 July 2018, Bistroamericana (PM) Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM626,255 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up Bistroamericana (PM) Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

31. Litigation (cont'd)

(iii) On 10 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by BistroItaliana (PM) Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM752,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM800,000. No payment has been made in respect of this to-date.

On 16 July 2018, BistroItaliana (PM) Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM784,647 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up BistroItaliana (PM) Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

(iv) On 10 January 2018, the landlord, namely Jelas Puri Sdn. Bhd., commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by the Bulgogi Brothers Restaurants Sdn. Bhd. for its restaurant located at Paradigm Mall pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. The company did not defend against the legal action. Judgment was obtained by the landlord against the company on 8 February 2018 for a sum of RM491,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is estimated at RM523,000. No payment has been made in respect of this to date.

On 16 July 2018, Bulgogi Brothers Restaurants Sdn. Bhd. received a notice pursuant to Section 465 and 466 of the Companies Act, 2016 from the solicitors representing Jelas Puri Sdn. Bhd. seeking a payment of RM512,688 pursuant to a judgement obtained on 8 February 2018 within 21 days from the date of receipt of the notice. Upon the expiry of the said 21 days period, Jelas Puri Sdn. Bhd. is entitled to file in Court, a petition to wind up Bulgogi Brothers Restaurants Sdn. Bhd. within 6 months from the expiry of the 21 days period. No payment has been made in respect of this and no further notices have been received from Jelas Puri Sdn. Bhd. to-date.

31. Litigation (cont'd)

(v) On 16 January 2018, the landlord namely Couture Homes Sdn. Bhd., commenced legal proceedings against Bistro Italiana (SJ) Sdn. Bhd. to foreclose and dispose of the tenant's assets at the leased premises for its restaurant located at Empire Gallery Shopping Centre via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 10 April 2018 and the tenant's assets at the demised premises were disposed of to a third party bidder/purchaser. The amount payable as recorded in the financial statements of the Group, inclusive of interest payable accrued up until to-date is RM496,000. No payment has been made in respect of this to-date.

No further notices have been received from Couture Homes Sdn. Bhd. to date.

(vi) On 27 March 2017, the landlord, namely Trend Masters Sdn. Bhd., commenced legal proceedings to recover losses and damages allegedly caused to the landlord's premises due to water leakage. The landlord withdrew action against Chaswood Resources Sdn. Bhd. with liberty to file afresh on 6 April 2018.

On 17 July 2018, Trend Masters Sdn. Bhd. commenced legal proceedings against Bistroamericana (BB) Sdn. Bhd. to recover losses and damages allegedly caused to its premises due to water leakage from Bistroamericana (BB) Sdn. Bhd.'s restaurant located at Pavilion Mall. Trend Masters Sdn. Bhd. has previously withdrawn their action against Chaswood Resources Sdn Bhd on 6 April 2018 and has instead filed afresh against Bistroamericana (BB) Sdn. Bhd..

During the case management held on 14 February 2019, the parties had recorded consent judgement whereby the insurer of Bistroamericana (BB) Sdn. Bhd. has agreed to solely pay an agreed sum of RM65,267 to Trend Masters Sdn. Bhd. as full and final settlement of this matter.

(vii) On 24 April 2018, the landlord, namely Couture Homes Sdn. Bhd., commenced legal proceedings to recover vacant possession of the landlord's leased premises for its restaurant located at Empire Gallery Shopping Centre and to recover outstanding amounts owing to the landlord pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs. Teh Tarik Place (SA) Sdn. Bhd. did not defend against the legal action. Judgment was obtained by the landlord against the company on 16 May 2018 for vacant possession of demised premises and a sum of RM62,000 together with double rental until vacant possession, interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to report date is RM63,000. No payment has been made.

On 26 November 2018, Couture Homes Sdn. Bhd. has obtained a garnishee order against Chaswood Resources Sdn Bhd from the Court to recover an outstanding amount of RM411,003 owing by Teh Tarik Place (SA) Sdn. Bhd. to Couture Homes Sdn. Bhd. pursuant to the associated tenancy agreement together with claims for double rental until vacant possession, interest until payment and legal costs.

31. Litigation (cont'd)

(viii) On 10 April 2018, Putrajaya Holdings Sdn. Bhd. commenced legal proceedings to recover outstanding amounts owing to the landlord in respect of the premises leased by the landlord for its restaurant located at Alamanda Mall pursuant to the associated tenancy agreement together with claims for interest until payment and legal costs. Bistro Italiana (JB) Sdn. Bhd. did not defend against the legal action. Judgment obtained by the landlord against Bistro Italiana (JB) Sdn. Bhd on 22 May 2018 for the sum of RM51,000 together with interest until payment is made and legal costs. The amount payable, inclusive of interest payable accrued up until to-date is estimated at RM52,000. No payment has been made in respect of this to-date.

Bistro Italiana (JB) Sdn. Bhd. received a letter of notification dated 14 April 2019 from the solicitors representing Putrajaya Holdings Sdn. Bhd. that the Official Receiver has been appointed as the liquidator of Bistro Italiana (JB) Sdn. Bhd. on a court order granted on 14 March 2019 ("Court Order") by the High Court of Malaysia ("Court"). Based on the Court Order, Bistro Italiana (JB) Sdn. Bhd. has been wound up by the Court pursuant to the provisions under the Companies Act, 2016.

(ix) On 9 March 2018, the landlord, namely MTrustee Berhad, commenced legal proceedings to foreclose and dispose of Bistro Italiana (TG) Sdn. Bhd.'s assets at the leased premises for its restaurant located at The Gardens Mall via public auction to recover outstanding rent owing to the landlord pursuant to the associated tenancy agreement. The public auction took place on 16 May 2018 and Bistro Italiana (TG) Sdn. Bhd.'s assets at the demised premises were disposed of to a third party bidder/purchaser. The amount payable as recorded in the financial statements of the Group, inclusive of interest payable accrued up until to-date and the disposal value to a third party bidder/purchaser is RM188,000. No payment has been made in respect of this to date.

No further notices has been received from MTrustee Berhad to date.

(x) 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 wholly owned 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.

31. Litigation (cont'd)

The Company had various discussions with TVF on a proposed settlement but no conclusion has been reached. Notwithstanding the receipt of the statutory demand for payment, the Company will continue to engage with the interim judicial managers of TVF in order to reach a satisfactory resolution to all stakeholders. As to date, the Company has yet to receive any further notices from TVF and no payment has been made.

(xi) On 15 November 2018, MCL Land (Malaysia) Sdn Bhd commenced legal proceedings against Bistroamericana (WW) Sdn. Bhd. to recover an outstanding amount of RM73,953 owing to MCL Land (Malaysia) Sdn Bhd pursuant to the associated tenancy agreement together with claims for interest until payment and legal cost. On 17 January 2019, MCL Land (Malaysia) Sdn Bhd obtained a judgement from the court to recover outstanding amount of RM76,552 owing. No payment has been made in respect of this to date.

(xii) On 31 October 2018, Greenhill Resources Sdn Bhd commenced legal proceedings against Bistroamericana (SA) Sdn. Bhd. to recover an outstanding amount of RM654,505 owing to Greenhill Resources Sdn Bhd pursuant to the associated tenancy agreement together with claims for interest until payment and legal costs. Bistroamericana (SA) Sdn. Bhd. received a sealed winding up petition dated 7 May 2019 from the solicitors representing the Plaintiff pertaining to the amount owing by Bistroamericana (SA) Sdn. Bhd. to Greenhill Resources Sdn Bhd for the amount of RM654,505 together with claims for interest until payment is made and legal costs. The Court has fixed for a court hearing pertaining to the winding up petition on 30 July 2019.

(xiii) Public Performance Malaysia Sdn. Bhd. commenced legal proceedings against the following companies and has obtained judgement from the Court to recover outstanding amounts owing to Public Performance Malaysia Sdn. Bhd. in respect of license fees together with interest until payment and legal costs:

Defendant	**Outstanding amount (RM)**	**Court order date**
Bistroamericana (SJ) Sdn Bhd	6,360.00	27 February 2019
Bistroamericana (SA) Sdn Bhd	7,692.98	5 March 2019
Bistroamericana (A) Sdn Bhd	7,701.69	5 March 2019
Bistoramericana (M) Sdn Bhd	6,360.00	4 March 2019
Bistroamericana (TC) Sdn Bhd	7,876.85	19 March 2019
Bistro Italiana (SJ) Sdn Bhd	10,562.31	20 March 2019
Bistroamericana (Hartamas) Sdn Bhd	5,879.36	20 March 2019
Bistoramericana (PM) Sdn Bhd	7,692.98	19 March 2019
Bistroamericana (SP) Sdn Bhd	6,772.64	19 March 2019
Bulgogi Brothers Restaurants Sdn Bhd	5,512.00	10 May 2019
The Apartment (BB) Sdn. Bhd	9,360.00	9 November 2018
Bistroamericana (BU) Sdn Bhd	6,011.12	7 March 2019
Bistroamericana (QB) Sdn Bhd	6,542.95	28 February 2019

31. Litigation (cont'd)

Public Performance Malaysia Sdn. Bhd. also commenced legal proceedings against Chaswood Resources Sdn Bhd to recover an outstanding amount of RM6,639 owing to Public Performance Malaysia Sdn. Bhd. in respect of license fees together with interest until payment and legal costs. No payment has been made in respect of this to date.

(xiv) On 23 November 2018, Tenaga Nasional Berhad commenced legal proceedings against Chaswood Resources Sdn. Bhd. to recover outstanding amount of RM25,758 owing to Tenaga Nasional Berhad pursuant to the supply of electricity together with claims for interest until payment is made and legal cost. During a case management held on 10 January 2019, the parties have reached an amicable settlement out of Court and consent judgement has been filed.

(xv) Shanghai Taifu Trade Co., Ltd. had on 21 January 2019 commenced legal proceedings against Yi Jun Restaurant Management (Shanghai) Co. Ltd. to recover an outstanding amount of RMB46,431 owing to the Plaintiff in respect of supply of goods together with interest until the date of court judgement. No payment has been made in respect of this to date.

(xvi) Shanghai Youyuan Foods Co., Ltd. had on 8 January 2019 filed to the Court its claims to recover an outstanding amount owing by Yi Jun Restaurant Management (Shanghai) Co. Ltd. to Shanghai Youyuan Foods Co., Ltd. in respect of supply of goods. No payment has been made in respect of this to date.

32. Material Events during the Year

(a) Proposed Disposal of CRSB

On 14 September 2018, the Company entered into a share sale agreement with Tremendous Asia Management Inc. ("TAMI") for the sale of 100% equity interest of CRSB. The proposed disposal is a divestment of the Company's 100% equity interest of CRSB and effectively CRSB's subsidiaries, save for Bistro Italiana (TC) Sdn Bhd.

32. Material Events during the Year (cont'd)

(b) Proposed Disposal of Bistromalones (PJ) Sdn Bhd

On 22 November 2018, 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 to SHA for a purchase consideration of RM8.0 million. Further to the binding term sheet, CRSB has on 3 April 2019 entered into a share purchase agreement with SHA. The proposed disposal will be effected via the sale of 100% equity interest in Bistromalones (PJ) Sdn Bhd (the investment holding company who shall own the subsidiaries listed below) to SHA.

(i) Teh Tarik Place Sdn Bhd;
(ii) Bistroamericana (TC) Sdn Bhd;
(iii) Bistroamericana (PJ) Sdn Bhd;
(iv) Bistroamericana (BU) Sdn Bhd;
(v) Bistroamericana (QB)Sdn Bhd;
(vi) Bistroamericana (A) Sdn Bhd;
(vii) Bistroamericana (Hartamas) Sdn Bhd;
(viii) Bistroamericana (SP) Sdn Bhd;
(ix) Bistroamericana (BB) Sdn Bhd; and
(x) Bistroamericana (JB) Sdn Bhd.

(c) Issuance of Redeemable Convertible Notes

On 26 June 2018, the Company entered into a binding term sheet (the "RCN Term Sheet") with Advance Opportunities Fund group of funds ("Subscriber") and Advance Capital Partners Asset Management Private Limited ("ACPAM") pursuant to which the Company proposes to issue to the Subscriber 1.0% equity-linked redeemable convertible notes due 2021 ("RCN" or "Notes") with an aggregate principal amount of up to SGD50,000,000 ("Proposed Notes Issue").

Pursuant to the RCN Term Sheet, the Company, the Subscriber and ACPAM have entered into negotiations on the terms and conditions of the Proposed Notes Issue, with the objective of finalising and entering into a definitive subscription agreement and other related documents in respect of the Proposed Notes Issue. The term sheet has lapsed but the parties are in discussion on the same Proposed RCN Issue.

(d) Scheme of Arrangement with Scheme Creditors

The Group has obtained the approval from the financial institution lenders ("Scheme Lenders") for the Malaysia SOA during a court convened meeting ("CCM") held on 9 November 2018 of which the court has granted sanction to the results of the CCM on 14 January 2019. The proposed settlement to the Scheme Creditors under the SOA comprises upliftment of fixed deposits, sale of residential properties, sale of TGI Friday's and Teh Tarik Place businesses, issuance of new shares of the Company and waiver of debt. The Group is in the midst of implementing of the SOA.

32. Material Events during the Year (cont'd)

(e) Suspension of Trading

The trading in the Company's securities was suspended with effect from 18 June 2018. The suspension was pursuant to the inability of the Company to meet SGX-ST's condition when granting the Company a 2-month extension to hold its annual general meeting ("AGM") for the financial year ended 31 December 2017 with regards to the expiry of the moratorium obtained by the Group under Section 368 of the Malaysia's Companies Act 2016. Subsequent to the suspension, the extension of the moratorium was obtained up to 15 November 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.

(f) Provision of Corporate Guarantees

On 14 September 2018, the Company entered into agreements for the provision of corporate guarantees in favour of the following parties:

(i) Monz Investments Ltd ("Monz") for providing interest free bridging loans to CRSB totalling US$725,000 (approximately S$996,781); and

(ii) Andrew Roach Reddy ("Andrew") for providing interest free loans to CRSB totalling RM1,613,093 (approximately S$535,378).

(collectively referred to as "Loans") in consideration of Monz and Andrew (collectively referred to as "Creditors") agreeing to lend or continue to lend for the benefit of CRSB. The Loans were utilised for working capital purposes. The provision of corporate guarantee to Monz shall take effect on 14 September 2018, the date of the agreement entered into by the Company. The Provision of Corporate Guarantee to Andrew is subject to, where applicable, approval from the shareholders.

33. Subsequent Event

(a) Application for Moratorium in Singapore

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 ("Moratorium Application"). The Court has fixed for the Moratorium Application to be heard on 9 July 2019 before a High Court Judicial Commissioner ("Hearing").

33. Subsequent Event(cont'd)

(a) Application for Moratorium in Singapore (cont'd)

Further to the Moratorium Application, the Company proposes to implement a scheme of arrangement ("Scheme") with the creditors of the Company pursuant to section 210(1) or section 211I of the Act, as the case may be. Details of the Scheme are targeted to be finalized during the 12-week period of the Moratorium if the Moratorium is granted at the Hearing. The Scheme is necessary to address the various debt obligations owed by the Company to its creditors and is a critical part of the Company's restructuring process.

(b) Provision of Corporate Guarantees

On 1 March 2019, the Company entered into an agreement for the provision of corporate guarantee to TAMI for providing interest free bridging loans to and payment of a branding and marketing related costs on behalf of CRSB totaling approximately RM6.9 million for the period between 2016 to 2018. The interest free bridging loans were utilised for working capital purposes. The provision of a corporate guarantee to TAMI took effect on 1 March 2019.

SHAREHOLDERS' INFORMATION

As at 14 June 2019

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	33.45	93,966	0.04
1,001 ~ 10,000	211	36.76	1,025,399	0.41
10,001 ~ 1,000,000	158	27.53	14,316,250	5.71
1,000,001 and above	10	1.74	235,169,434	93.84
Total	574	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	MAYBANK KIM ENG SECURITIES PTE. LTD	551,000	0.22
16	KAM FUNG CHAU & KAM FUNG CHIU, ANTHONY	504,900	0.20
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	240,478,934	95.95

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 14 June 2019:

Name	No. of Ordinary shares			
	Direct Interest	%	Indirect Interest	%
Andrew Roach Reddy	58,310,906	23.27	–	–
G1 Investments Pte Ltd [1]	13,340,000	5.32	–	–
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) G1 Investments Pte. Ltd. is a wholly owned subsidiary of Blumont Group Ltd. By virtue of Section 7 of the Companies Act, Blumont Group Ltd. is deemed to be interested in all the Shares held by G1 Investments Pte. Ltd.

(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 G1 Investments Pte. 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 14 June 2019, 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Chaswood Resources Holdings Ltd will be held at 10 Anson Road, #36-05A, International Plaza, Singapore 079903 on Wednesday, 24 July 2019 at 10.30 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 2018 together with the Directors' Statement and Independent Auditors' Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$90,000 (2018: S$90,000) for the financial year ending 31 December 2019, payable quarterly in arrears. **Resolution 2**

3. To re-elect Mr. Er Kwong Wah who is retiring in accordance with Article 88 of the Company's Constitution.
   [See Explanatory Note 1] **Resolution 3**

4. To re-elect Mr. Ng Teck Wah who is retiring in accordance with Article 89 of the Company's Constitution.
   [See Explanatory Note 2] **Resolution 4**

5. To re-appoint Messrs Moore Stephens LLP as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 5**

6. 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.

7. **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) 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 total number of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, 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 which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards (as the case may be), were granted in compliance with Part VIII of the Chapter 8 of the Rules of Catalist; and

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

(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 3] **Resolution 6**

BY ORDER OF THE BOARD

Andrew Roach Reddy
Managing Director
9 July 2019
Singapore

Explanatory Notes:

Ordinary Business

1. Mr Er Kwong Wah ("Mr Er") will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. Mr Er is considered independent for the purpose of Rule 704(7) of the Catalist Rules. Key information on Mr Er can be found under the section entitled "Board of Directors" of the Company's 2018 annual report.

2. Mr Ng Teck Wah ("Mr Ng") will, upon re-election as a Director of the Company, remain as a Non-independent Non-executive Director and a member of the Audit, Nominating and Remuneration Committees. Key information on Mr Ng can be found under the section entitled "Board of Directors" of the Company's 2018 annual report.

Special Business

3. The Ordinary Resolution 6, 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:

i. A proxy need not be a member of the Company.

ii. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act"), a member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

iii. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iv. A member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend and vote at this meeting, but each proxy must be appointed to exercise the rights attached to a different shares held by such member. Where such member appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

v. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

vi. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #11-02 Singapore 068898 not less than forty-eight (48) hours before the time for holding the Annual General Meeting.

*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., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**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 AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Chapter 50 (the "Act"), Relevant Intermediaries may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies.

PROXY FORM

(Please see notes overleaf before completing this Form)

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

of ____(Address)

being a member/members of Chaswood Resources Holdings Ltd (the "Company"), hereby appoint:-

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of shares	%
Address			

or failing him/her/them, the Chairman of the Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at 10 Anson Road, #36-05A, International Plaza, Singapore 079903 on Wednesday, 24 July 2019 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against 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 proxy/proxies will vote or abstain from voting at his/her discretion.

☐ Please tick here if more than two proxies will be appointed (Please refer to note 4). This is only applicable for intermediaries such as banks and capital markets services licence holders which provide custodial services.

No	Resolutions relating to:	Number of Votes For*	Number of Votes Against*
	Ordinary Business		
1.	To receive and adopt the Audited Financial Statements, Directors' Statement and Independent Auditors' Report for the year ended 31 December 2018.		
2.	To approve payment of Directors' Fees of S$90,000/- for the financial year ending 31 December 2019, payable quarterly in arrears.		
3.	To re-elect Mr. Er Kwong Wah pursuant to Article 88 of the Company's Constitution.		
4.	To re-elect Mr. Ng Teck Wah pursuant to Article 89 of the Company's Constitution.		
5	To re-appoint Moore Stephens LLP as the auditors of the Company and to authorize the Directors to fix their remuneration.		
	Special Business		
6.	To authorise Directors to issue shares pursuant to Section 161 of the Companies Act, Cap.50		

** Voting will be conducted by Poll. If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated ____________ day of ________________ 2019

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. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") a member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. Pursuant to Section 181(1C) of the Companies Act, a member who is a Relevant Intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by the member. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in the proxy form to the Company.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing a proxy or proxies 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.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing a proxy or proxies, together with the power of attorney (if any) under which it is signed or a notarially certified or office copy thereof, shall be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #11-02 Singapore 068898 not less than forty-eight (48) hours before the time appointed for the Meeting.

8. 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.

9. 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.

10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

11. Completion and return of this instrument appointing a proxy shall not preclude a Member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 9 July 2019.

chaswood

RESOURCES HOLDINGS LTD.