BREWING NEW GROWTH HORIZONS

ANNUAL REPORT 2019

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ABOUT
KOUFU GROUP LIMITED

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

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

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

CORPORATE MILESTONES

2002
Commenced operations of our first *Koufu* air-conditioned food court at Toa Payoh HDB Hub

2003
Established our first central kitchen at 18 Woodlands Terrace

2004
Successfully tendered for the operation and management of a commercial mall, *Punggol Plaza*

2009
Achieved S$100 million in sales revenue

2010
Opening of *Rasapura Masters* at Singapore's Marina Bay Sands

2012
Opening of our first overseas *Koufu* food court at Sands Cotai Central, Macau

2015
Our first full-service restaurant at Millenia Walk opened under our *Elemen* brand concept

2016
Achieved S$200 milion in sales revenue

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

2018
First entry into hospitals with the opening of *Koufu* food court opened at Sengkang General and Community Hospital

2018
Our flagship *R&B* Tea kiosk at Marina Bay Sands opened

2018
Commenced construction on Integrated Facility, which will house a larger central kitchen and corporate HQ.

Expected to obtain its temporary occupation permit by 3Q 2020

2019
Secured a local joint venture partner for expansion of *R&B* Tea in Indonesia

CHAIRMAN'S MESSAGE

WE WILL CONTINUE TO LEVERAGE ON OUR ESTABLISHED TRACK RECORD AND SOLID EXPERIENCE IN THE F&B BUSINESS, WHILST REMAINING AGILE AND RESILIENT TO STAY AHEAD OF THE CHALLENGES AND INTENSE COMPETITION IN THE F&B INDUSTRY AND DELIVER FORWARD-LOOKING TRANSFORMATIONAL STRATEGIES FOR QUALITY GROWTH

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present to you Koufu Group Limited's Annual Report for the financial year ended 31 December 2019 ("FY 2019").

We are encouraged that it has continued to be a fruitful journey for the Group one year post-listing, notwithstanding a challenging macro environment and a highly competitive F&B landscape. We stayed resilient, with a well-balanced portfolio of F&B brands to cater to varied tastes of consumers, and through a strong and proactive management of all F&B outlets.

We will continue to leverage on our heritage, deep knowledge of the evolving F&B industry and strong partnerships for our next phase of growth.

FINANCIAL REVIEW

In FY 2019, with our strategic plan in place for sustainable growth, we are heartened to have achieved a new record revenue of S$237.5 million, driven by stronger contributions from both our synergistic business segments, backed by our strong portfolio of F&B brands.

In line with our revenue growth, the Group recorded a net profit attributable to shareholders of S$27.7 million in FY 2019, a 13.0% increase from S$24.5 million a year ago.

We maintained a robust balance sheet with cash and cash equivalents of S$90.4 million and net cash of S$85.7 million as at 31 December 2019, indicative of headroom and financial flexibility for the funding of future growth initiatives.

BREWING NEW GROWTH HORIZONS

In line with our strategy to create new revenue streams for Koufu and stay ahead of competition, our focus during the year remained on brewing new growth horizons within our multi-brand portfolio. We continued to fortify our market leadership position through an islandwide network expansion of food courts and coffee shops, adopting a strong growth trajectory for our premium tea beverages, breaking new ground on our upcoming integrated facility, introducing new technology and initiatives, and entering new markets – Indonesia and Malaysia.

We will remain focused on transforming our business model beyond the food court business through four identified key growth strategies:

ENTRENCHING OUR POSITION IN FOOD COURTS AND COFFEE SHOPS

Locally, we've continued to step up the expansion of our F&B network across our chain of food courts, coffee shops, F&B concept stores and restaurant business segments. This is with a view to expand our market share and bring new food varieties to consumers. Good progress has been made and we have increased our network to 48 food courts and 16 coffee shops in Singapore, as at end December 2019.

We expect to reinforce our strong foothold in our home-grown food courts further as we continue to prudently seek and secure new strategic locations, with a focus on hospitals, commercial malls, educational institutions and new housing estates.

ACTIVE DEVELOPMENT OF CONCEPT BRANDS

To extend beyond the traditional food court business through a multi-brand platform, we have continued to actively develop our portfolio of 12 unique brands for a differentiated focus on diverse types of cuisine and dining experiences at various price points. This has effectively enabled us to capture a bigger market share catering to varying tastes, preferences, budgets and occasions.

Notably, we have made good progress in our tea beverages brands, leveraging on the growing popularity of tea beverages in the region. According to research[1], the delivery orders for bubble tea last year increased 30 times in the Southeast Asian region, with number of users growing a significant 1,200 times over 2018.

Locally, for *R&B Tea* and *Supertea*, we have opened 18 kiosks during the year to reach 26 outlets as at 31 December 2019, driven by strong and wide market acceptance.

1 By Grabfood

CHAIRMAN'S MESSAGE

After the initial strong phase of expansion of our tea concepts to increase our market presence for the high-growth tea beverage brands, *R&B Tea* and *Supertea*, we will now take a considered approach — consolidating our position locally and monitoring market trends in building a sustainable business model.

Regionally, tapping on strong demand for bubble tea, we have brought these highly popular *R&B Tea* and *Supertea* beverage concepts to both Indonesia and Malaysia.

To tap on the vast Indonesian market, we have entered into a joint venture agreement with experienced local partners to bring *R&B Tea* into this country. We are confident that this strategic partnership will be beneficial in enhancing our geographical spread and revenue stream.

Our first *R&B Tea* in Mahkota Parade Melaka, a premium shopping mall in Malacca, was opened in November 2019. We are currently looking for joint venture partners to expand the brands in Malaysia.

Riding on the trend towards healthy living and dining, another brand name that we have strengthened over the year is our *Elemen* full-service restaurant, serving natural meatless cuisine. We opened another two restaurants in Singapore at Paya Lebar Quarter and Great World City during the year, bringing total outlets to four, including those at Millenia Walk and Harbourfront Centre.

We will continually build up our concept brands in the coming year to broaden our revenue streams for a sustainable business model and growth path.

GAME-CHANGING INTEGRATED FACILITY

We are pleased with the progress of our proposed integrated facility in Woodlands Avenue. Spanning 20,000 square metres in total gross floor area and more than five times larger than the aggregate gross floor area of our existing central kitchens and headquarters, when ready, this facility will greatly enhance our productivity and operational efficiency. Construction has commenced in 4Q 2018 and we expect to obtain the temporary occupation permit by 3Q 2020.

The expansion of the procurement, preparation, processing and distribution functions under the larger central kitchen is intended to better support all of Koufu's F&B Retail business and cater to future business expansion, thereby creating new and recurring revenue streams for the Group. This includes the ability to utilise available capacity for greater automation initiatives and to manufacture and supply products to outlets and third-party businesses. In addition, the platform will also allow us to partner F&B operators and lease spaces on-demand, to help small F&B establishments minimise food preparation areas at their existing outlets and stalls. This is a win-win situation for Koufu and our partners, to achieve greater cost efficiencies and maximising of resources.

As a group, Koufu is an early adopter of technology within our industry, premised on our commitment to raise productivity, enhance food consistency and quality, and make smarter business decisions.

We intend to further improve our productivity through increased use of technology and innovation to remain competitive and relevant to customers, such as increased automation in our processes, from the pilot phase of the automated traditional coffee making machine and dim sum deep fryer, to the roll-out of the *Koufu Eat* mobile ordering applications to 41 of our food courts and coffee shops. The integrated facility will house a research and development centre that will allow us to develop new products and recipes, alongside researching food preparation processes that will boost productivity and allow Koufu to attain higher cost efficiencies.

Recognising a growing demand for online food ordering and delivery services, we are also in the process of forging partnerships with third-party food delivery service providers at our outlets to tap on this growing market trend, providing us with a channel to reach out to a wider customer base and capture additional sales revenue.

We will remain firmly focused on improving productivity and food quality by continuing to innovate and automate our processes.

PURSUE OVERSEAS EXPANSION

We have gained further traction in our overseas expansion during the year. Apart from deepening our footprint in Macau with a third food court targeted to open in 1H 2020, we have also made headway into new and vast markets – Malacca, Malaysia and Jakarta, Indonesia.

We have made good progress, using Singapore and Macau as springboards for our expansion into overseas markets. For *Elemen* full-service restaurants, this may potentially include the People's Republic of China, Malaysia, Indonesia, Thailand and Australia. As for the tea beverage brands, we will continue to look for opportunities to expand the brands to the Philippines and Thailand at an opportune time.

Subsequent to year-end, notwithstanding the challenges amidst the COVID-19 outbreak, we expect to remain competitive with our productivity efforts and strategic expansion plans in place. We will continue to prudently leverage our network, both locally and regionally, to establish joint ventures, strategic alliances, or make acquisitions and investments in complementary business segments and markets, in line with our expansion plans. At the same time, in addition to stepping up on precautionary measures, we will continue to bring forth new food options and varieties to customers, for sustainable growth.

RECOGNITION OF GROWTH AND LEADERSHIP

At this juncture, I would like to share that we are deeply encouraged to be selected amongst the pioneer cohort of Enterprise Singapore's (ESG) "Scale-up SG" programme, in recognition of Koufu's positive growth trajectory, potential, leadership, ambition, and drive to succeed. This will go a long way towards accelerating our growth in the next few years.

REWARDING LOYAL SHAREHOLDERS

We believe in sharing our fruits of labour and to reward our loyal shareholders for their continuous support, the Board has proposed a final cash dividend (one-tier tax- exempt) of 1.5 Singapore cents. Coupled with the interim dividend (one-tier tax-exempt) of 1.0 Singapore cent, this brings the total distributions for the year to 2.5 Singapore cents per ordinary share, representing a dividend payout ratio of 50.0%.

WORD OF APPRECIATION

I would like to thank our Board of Directors for their guidance, counsel and significant contributions in the last financial year. To our management team and staff, a big thank you for their dedication and contributions to Koufu. On behalf of the Board, I would also like to extend our deep appreciation to our valued customers, shareholders, and business associates for their strong support as we stay focused on driving growth and value together.

MR. PANG LIM
Executive Chairman &
Chief Executive Officer

9 April 2020

MULTI-BRAND STRATEGY

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

As consumers become increasingly discerning, we strive to strike a balance between price, ambience and the full dining experience through our portfolio of household brands, connecting with all consumer segments at different price points while staying true to our core values in our vision for Better Food, Better People, Better Life.

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

FOOD COURTS

KOUFU

Our flagship food court brand has flourished from our first outlet at HDB hub to 40 *Koufu* branded food courts across Singapore and Macau. Combining Singaporean coffee shop tradition with modern food court management style and contemporary store designs, *Koufu* provides accessible local delights to heartlanders in residential areas, commercial malls, hospitals and tertiary educational institutions. It made its first foray into hospitals with the launch of the Koufu food court at Sengkang General Hospital in 2018.

RASAPURA MASTERS

Centrally located at Marina Bay Sands, *Rasapura Masters* is the food destination of choice showcasing Singapore and Asia's richest variety of gastronomic gems. *Rasapura Masters* transports you back to colonial Singapore when streets were lined with a myriad of food carts and hawkers peddling mouth-watering street-fares in baskets balanced on shoulder sticks.

COOKHOUSE BY KOUFU

Taking inspiration from its surroundings, *Cookhouse* is a premium themed food court in centrally-located commercial malls and complexes that creatively incorporates the uniqueness of its locations into its interior design to create distinctive dining experiences. *Cookhouse* offers international and local hawker fares that satisfies the differing taste and preference of our multi-racial community.

FORK & SPOON

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

GOURMET PARADISE

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

COFFEE SHOPS

HAPPY HAWKERS

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

F&B KIOSKS/STALLS

1983 – A TASTE OF NANYANG

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

R&B TEA

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

FULL-SERVICE RESTAURANTS

ELEMEN

Elemen offers meatless casual dining with an interesting fusion of local and western cuisine focused on the health-conscious consumer while upholding the sustainability of mother nature. All ingredients at *Elemen* are carefully prepared to optimise the natural taste and nutrients during the cooking process. Dedicated to enhancing the well-being of its diners, its menu is inspired by Western, Japanese and Asian cuisines, offering a wide array of wholesome dishes.

MULTI-BRAND STRATEGY

QUICK SERVICE RESTAURANTS

GROVE

Grove serves nourishing meatless Asian cuisine with an aim to promote meatless dining in caring for our planet. With sustainability gaining more traction and becoming the forefront mindset of this new age, Grove provides a space for communities to express their support for sustainable efforts through meatless dining.

1983 – COFFEE & TOAST

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

SUPERTEA

Supertea is founded by a group of passionate artisan tea lovers with a vision to revolutionise the tea-drinking experience. The new café concept aims to bring the ultimate tea experience from Taiwan as it places great emphasis on the origins of the tea leaves and delicate preparation to ensure the perfect tea blend.

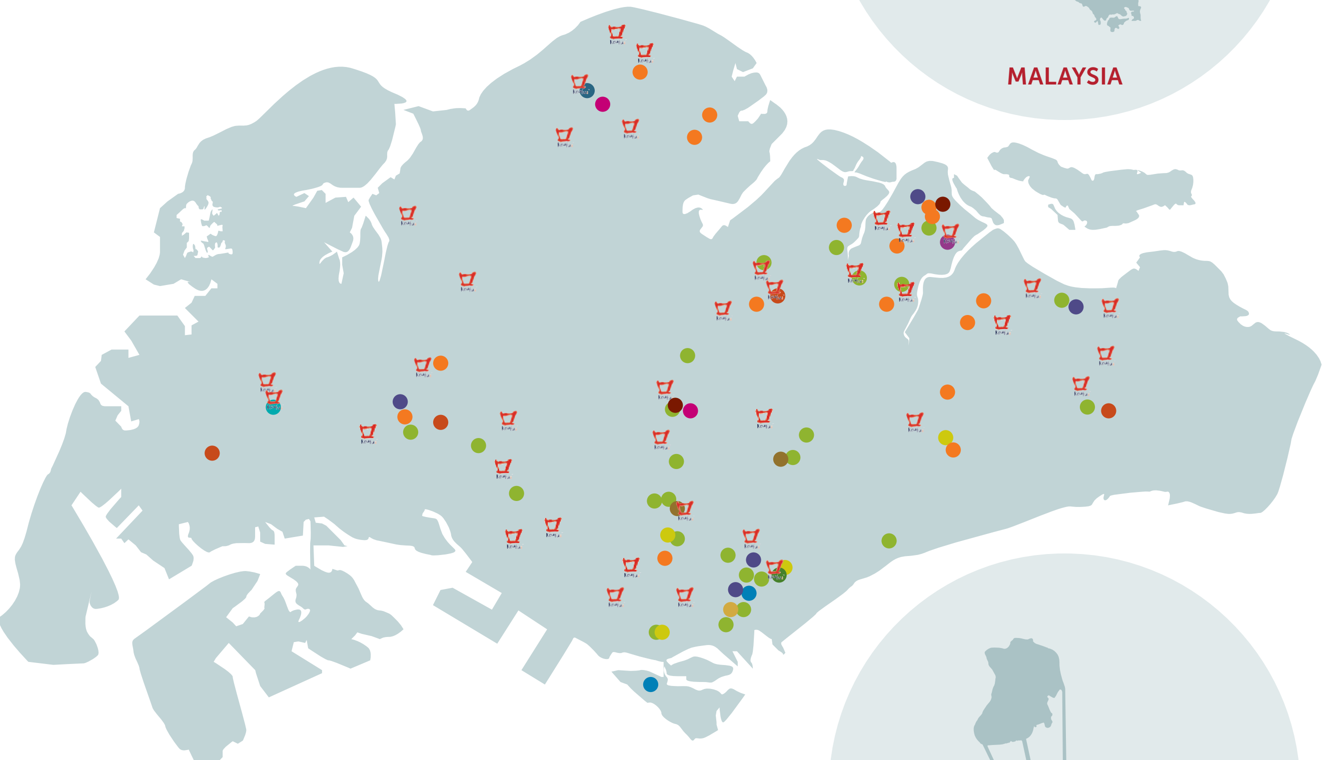
SHOPPING MALL

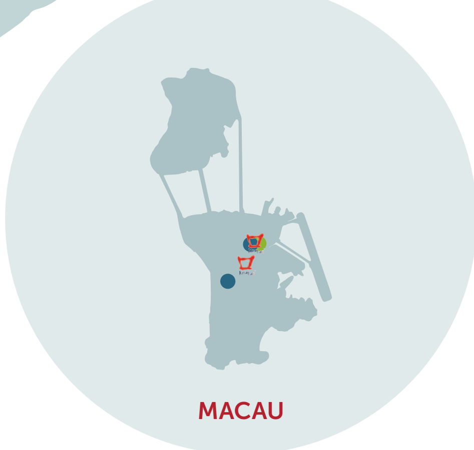
PUNGGOL PLAZA – (SHOPPING MALL)

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

REGIONAL NETWORK

SINGAPORE





- Koufu
- Gourmet Paradise
- Fork & Spoon
- Cookhouse by Koufu
- Rasapura Masters
- Happy Hawkers
- 1983 – A Taste of Nanya
- 1983 – Coffee & Toast
- Jurong West Hawker Centre
- Punggol Plaza
- R&B Tea
- Supertea
- Grove
- Elemen
- F&B Kiosk

As at 31 December 2019

OUTLET & MALL MANAGEMENT					
FOOD COURTS		COFFEE SHOPS	HAWKER CENTRE	COMMERCIAL MALL
SINGAPORE	MACAU	SINGAPORE	SINGAPORE	SINGAPORE
48	2	16	1	1

F&B RETAIL						
F&B STALLS		QUICK-SERVICE RESTAURANTS ("QSR")	F&B KIOSKS			FULL-SERVICE RESTAURANTS
SINGAPORE	MACAU	SINGAPORE	SINGAPORE	MACAU	MALAYSIA	SINGAPORE
72	4	7	27	1	1	4

KOUFU
Food court located in heartland or residential areas, commercial malls or tertiary educational institutions

SINGAPORE

1 Bukit Batok Central Link #04-01, West Mall, Singapore 658713

1 Fusionopolis Way #B2-02, Fusionopolis, Singapore 138632

1 Kaki Bukit Road 1 #01-18, Enterprise One, Singapore 415934

2 Ang Mo Kio Drive #01-14 to 29, ITE College Central, Singapore 567720

8 Tampines Central 1, #01-18, Eastlink Mall, Singapore 529543

8 Grange Road #B1-01, Cathay Cineleisure Orchard, Singapore 239693

10 Sinaran Drive #04-14 to 19 and #04-56 to 73, Novena Square 2, Singapore 307506

21 Choa Chu Kang North 6 #B1-17-22, Yew Tee Point, Singapore 689578

31 Woodlands Ave 9, Republic Polytechnic, South Food Court #01-01 Singapore 738964

70 Stamford Road #B1-26/28, Li Ka Shing Library Building, Singapore Management University, Singapore 178901

110 Sengkang East Way, Sengkang General and Community Hospital, Singapore 544886

180 Ang Mo Kio Ave 8, Block A Unit 235, Nanyang Polytechnic, Singapore 569830

370 Alexandra Road #B1-20/21, Anchor Point Shopping Centre, Singapore 159953

500 Dover Road Canteen 4, Singapore Polytechnic, Singapore 139651

535 Clementi Road, Block 51 Level 2, Ngee Ann Polytechnic, Singapore 599489

Block 57 Dawson Road #02-09/10, Dawson Place, Singapore 142057

Block 88 Tanglin Halt Road #01-18, Singapore 141088

Block 118 Rivervale Drive #02-15/16, Rivervale Plaza, Singapore 540118

Block 168 Punggol Field #01-01, Punggol Plaza. Singapore 820168

Block 201 Kim Tian Road #01-400, Singapore 160201

Block 258 Pasir Ris Street 21 #02-313, Loyang Point, Singapore 510258

Block 263 Compassvale Street #01-09, Singapore 540263

Block 399 Yung Sheng Road #01-43, Taman Jurong Shopping Centre, Singapore 610399

Block 445 Fajar Road #01-548, Fajar Shopping Centre, Singapore 670445

Block 478 Tampines Street 44 #01-221, Singapore 520478

Block 500 Toa Payoh Lorong 6 #02-30, Toa Payoh Centre, Singapore 310500

Block 511 Canberra Road #01-01, Singapore 750711

Block 638A Jurong West Street 61 #01-22, Pioneer Mall, Singapore 641638

Block 735 Pasir Ris Street 72 #01-336, Pasir Ris West Plaza, Singapore 510735

Block 762 Jurong West Street 75 #01-300, Gek Poh Shopping Centre, Singapore 640762

Block 768 Woodlands Avenue 6 #01-30, Singapore 730768

Block 30 Woodlands Ave 1 #01-11 The Woodgrove, Singapore 739065

Block 548 Woodlands Drive 44, #02-34 Vista Point, Singapore 730548

21 Tampines North Drive 2, Level 3 Giant Building, Singapore 528765

Block 991 Buangkok Link #02-21 Buangkok Square

9 Raffles Boulevard #01-46/47/48/49&50 Millenia Walk Singapore 039596

164 Kallang Way #02-01, Solaris, Singapore 349248

301 Upper Thomson Road #01-106 Thomson Plaza, Singapore 574408

MACAU

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

Shops 1001/1003/1011 Research Centre N22, University of Macau, Taipa, Macau

GOURMET PARADISE
Food court located in heartland mall

Block 480 Toa Payoh Lorong 6 #B1-01, HDB Hub, Singapore 310480

Block 681 Punggol Drive, #04-01 Oasis Terrace, Singapore 820681

FORK & SPOON
Food court in heartland or residential areas with mostly Halal-certified F&B stalls

Block 470 Toa Payoh Lorong 6 #02-70, Singapore 310470

Block 768 Woodlands Avenue 6 #01-32, Singapore 730768

COOKHOUSE BY KOUFU
Premium food court located in commercial malls or commercial complexes

1 Pasir Ris Central Street 3 #03-01/02, White Sands Shopping Centre, Singapore 518457

5 Straits View #02-10 to 14, Marina One The Heart, Singapore 018935

6 Raffles Boulevard #04-101/102, Marina Square, Singapore 039594

50 Jurong Gateway Road #05-01, JEM, Singapore 608549

83 Punggol Central #02-20/21, Waterway Point, Singapore 828761

RASAPURA MASTERS
Premium food court located in Marina Bay Sands

2 Bayfront Avenue #B2-49A/50/50A/51/52/53, Marina Bay Sands, Singapore 018972

HAPPY HAWKERS
Coffee shop located in heartland or residential areas

18 Jalan Membina #01-01, Singapore 164018

Block 132 Jurong Gateway Road #01-271, Singapore 600132

Block 204 Bedok North Street 1 #01-393, Singapore 460204

Block 256 Yishun Ring Road #01-1005, Singapore 760256

Block 267 Compassvale Link #01-02, Singapore 540267

Block 406A Sembawang Drive #01-01, Singapore 751406

Block 433A Sengkang West Way #01-01, Singapore 791433

Block 531 Ang Mo Kio Avenue 10 #01-2429, Singapore 560531

Block 622D Punggol Central #01-01, Singapore 824622

Block 632 Bukit Batok Central #01-134, Singapore 650632

Block 671 Edgefield Plains #01-01, Singapore 820671

Block 739 Bedok Reservoir Road #01-3139, Singapore 470739

Block 872C Tampines Street 86 #01-09, Singapore 523872

1 Tampines North Drive 1 #01-34 T Space, Singapore 528559

Block 747 Yishun Street 72, #01-108 Nee Soon Central Green, Singapore 760747

Block 289C Compassvale Crescent #01-01, Singapore 543289

Block 602B Tampines Avenue 9 #01-01, Singapore 522602*

Block 215C Compassvale Drive #01-06, Singapore 543215*

1983 – A TASTE OF NANYANG
Self-operated F&B stall serving local cuisine

SINGAPORE

31 Woodlands Avenue 9, South Food Court #01-01, Republic Polytechnic, Singapore 738964

MACAU

Shop 3558, Shoppes at Parisian, The Parisian, Macau(1)

Shops 1001/1003/1011 Research Centre 22, University of Macau, Taipa, Macau

1983 – COFFEE & TOAST
QSR serving local cuisine

1 Joo Koon Circle #02-32/33, Fairprice Hub, Singapore 629117

1 Jurong East Street 21 #01-01, Tower C, Jurong Community Hospital, Singapore 609606

2 Ang Mo Kio Drive #02-10, ITE College Central, Singapore 567720

2 Simei Street 3 #01-09, Changi General Hospital, Singapore 529889

JURONG WEST HAWKER CENTRE
Hawker Centre located in the heartland area

50 Jurong West Street 61, Singapore

PUNGGOL PLAZA
Commercial Mall

Block 168 Punggol Field Punggol Plaza, Singapore

R&B TEA
F&B kiosk serving tea beverages

SINGAPORE

6 Raffles Boulevard #04-101/102, Marina Square, Singapore 039594

Block 470 Toa Payoh Lorong 6 #01-70, Singapore 310470

Block 681 Punggol Drive, #04-01 Oasis Terrace, Singapore 820681

2 Bayfront Avenue #B2-49A/50/50A/51/52/53, Marina Bay Sands, Singapore 018972

10 Eunos Road 8 #01-133 SingPost Centre, Singapore 408600

11 Tanjong Katong Road #B1-30 One Kinex, Singapore 437157

101 Thomson Road #02-K1 United Square, Singapore 307591

21 Choa Chu Kang Road 6 #01-49/50 Yew Tee Point, Singapore 689578

80 Marine Parade Road #03-30A Parkway Parade, Singapore 449269

100 Tras Street #01-07 100 AM, Singapore 079027

20 Tampines Central 1, Tampines MRT #01-18, Singapore 529538

Block 991 Buangkok Link #01-27 Buangkok Square, Singapore 530991

1 Maritime Square #01-K9 Harbourfront Centre, Singapore 099253

Block 118 Rivervale Drive #01-K16 Rivervale Plaza, Singapore 540118

#B1-02 Wisma Atria 435 Orchard Road, Singapore 238877

500 Dover Road, Singapore Polytechnic Food Court 4 #K4 Aero Hub, Singapore 139651

No. 1 Harbourfront Walk #B2-23 (Part of) Vivo City, Singapore 098585

50 Jurong Gateway Road #B1-15 Jem, Singapore 608549

135 Amoy Street #01-02 Far East Square, Singapore 049964

90 Stamford Road #01-71 School of Economics & Social Sciences Building, Singapore 178903

1 Pasir Ris Central Street 3 #02-K5/6, Whitesands, Singapore 518457

33 Sengkang West Avenue #03-K3 Seletar Mall, Singapore 797653

3155 Commonweath Avenue West #04-K4 Clementi Mall, Singapore 129588

1 Kim Seng Promenade, #B1-K104 Great World City, Singapore 237994

301 Upper Thomson Road #01-106 Thomson Plaza, Singapore 574408

3 Simei Street 6, #01-04 Eastpoint Mall, Singapore 528833*

MACAU

Stall 11, Shops 1001/1003/1011 Research Centre N22, University of Macau, Taipa, Macau

MALAYSIA, MALACCA

No. 1 Jalan Merdeka, 75000 Melaka, Lot No. KG5C Ground Floor, Mahkota Parade

SUPERTEA
QSR serving tea beverages

9 Raffles Boulevard #01-75 and #01-K5A Millenia Walk

GROVE
QSR serving meatless cuisine

10 Eunos Road 8 #01-151, Singpost Centre, Singapore 408600

70 Stamford Road #01-21, Singapore Management University, Li Ka Shing Library Building, Singapore 178901

ELEMEN
Full-service restaurant serving meatless cuisine

1 Maritime Square #02-85, Harbourfront Centre, Singapore 099253

9 Raffles Boulevard #-1-75A/76, Millenia Walk, Singapore 039596

10 Paya Lebar Road #03-13 Paya Lebar Quarter, Singapore 409057

1 Kim Seng Promenade #01-122, Great World City, Singapore 237994

F&B KIOSK
Serving Coffee/Tea & Dim Sum

2 Bayfront Avenue #01-01 Marina Bay Sands, Singapore 018972

26 Sentosa Gateway, The Forum, Resorts World #B1-208

* Newly opened in Q1 2020

BOARD OF DIRECTORS

MR. PANG LIM

Executive Chairman & Chief Executive Officer

Mr. Pang Lim is one of Koufu's founding shareholders and was appointed to the Board in 1996. Mr. Pang has over 28 years of experience in the F&B and food service management industries. He has been and continues to be instrumental to our Group's continued success and growth.

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

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

Mr. Pang is currently the President of the Qionghai Association (Singapore), Vice-President of the Singapore Hainan Hwee Kuan, Vice-President of the World Qionghai Countrymen's Association and the Honorary President of The Federation of Merchants' Association, Singapore. He is also currently the Council Member of the Singapore Chinese Chamber of Commerce & Industry and a Deputy Treasurer of the Singapore Federation of Chinese Clan Associations. Mr. Pang is also the Vice-Chairman of the Yuying Secondary School Fund Management Committee (formally known as Yock Eng High School) and a member of the Pei Chun Public School Management Committee. Mr Pang also sits on the Board of Ren Ci Hospital and Singapore Chinese Cultural Centre.

MDM. NG HOON TIEN

Executive Director

Mdm. Ng Hoon Tien is one of Koufu's founding shareholders and was appointed to the Board in 2002. She brings with her over 16 years of experience in the F&B and food service management industries.

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

DR. YU LAI BOON

Lead Independent Director

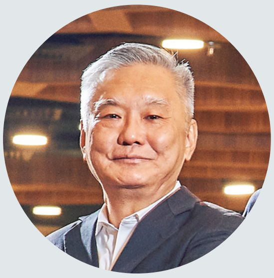
Dr. Yu Lai Boon was appointed to the Board on 28 June 2018. Dr. Yu has over 26 years of experience in wealth fund investment, private equity investment, fund management, real estate development and real estate-related consultancy work.

During the span of his longstanding career, Dr. Yu held senior leadership roles as the Chief Financial and Investment Officer of Nakheel Developments in Dubai, the developers of The Palm Islands and Atlantis, The Palm; Group Chief Investment Officer of Dubai World Holdings; and Managing Director and Country Head of JLL, Singapore. He was also an Adjunct Associate Professor of the Department of Real Estate, School of Design Environment at National University of Singapore between March 2014 and December 2015. He is also a member of the Singapore Institute of Surveyors and Valuers.

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

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

Dr. Yu is also Chairman of another SGX-listed company, TSH Corporation Ltd.



MR. TAN HUAY LIM

Independent Non-Executive Director

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

Mr. Tan started his career in accounting and audit at KPMG Singapore in April 1981 and was admitted as a Partner in October 1991. He was the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG in September 2015. Mr. Tan was a Financial Services Partner and has 23 years of experience in the audit of financial institutions during his tenure in KPMG. In addition, he was involved in a number of initial public offerings, debt financing and merger and acquisition transactions.

Mr. Tan is currently an independent, non-executive director and the Chairman of the Audit Committee of four other SGX-listed companies namely, Zheneng Jinjiang Environment Holding Company Limited (formerly known as China Jinjiang Environment Holding Company Limited); Dasin Retail Trust Management Pte. Ltd., the Trustee-Manager of Dasin Retail Trust, ASL Marine Holdings Ltd and Elite Commercial REIT Management Pte. Ltd, the Manager of Elite Commercial REIT.

Mr. Tan is an Honorary Council Member of Singapore Chinese Chamber of Commerce and Industry and Singapore Hokkien Huay Kuan.

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

MR. HOON TAI MENG

Independent Non-Executive Director

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

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

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

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

SENIOR MANAGEMENT

MS. CHUA SHER LIN
Chief Financial Officer

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

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

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

MR. CHOO TECK CHUAN
Chief Operating Officer

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

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

MR. AMOS ANG
VP, Operations and Development (concept brands)

MS. IVY NG
Head, Procurement

MS. MICHELLE NG
Head, Business Development

MS. LIONG LEE LIAN
Head, Human Resource Development

AWARDS & ACCOLADES

BRANDING AWARDS

2006
Singapore Promising Brand Award (Most Distinctive Brand)

2004-2006
Singapore Promising Brand Award (Silver)

2004-2005
Superbrands Award

2005-2006
Golden Brand Award

F&B AWARDS

2017-2018
Best Asian Restaurants 2017 (Elemen – Bronze)

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

2019
RAS Epicurean Star Award 2019 – Best Asian Chain Restaurants (Elemen)

2019/2020
Wine & Dine Singapore's Top Restaurants 2019/2020 (Elemen)

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

CORPORATE/PRODUCTIVITY AWARDS

2005-2009
Enterprise 50 Outstanding Business Award

2009
Enterprise 50 Five-Year Award

2007
Singapore 50 Fastest Growing Companies Award

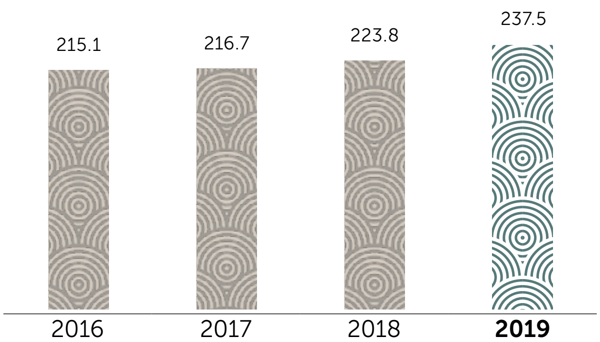
2008-2019
Singapore 1000 Award (S1000)

2007
SME 500 Company Award

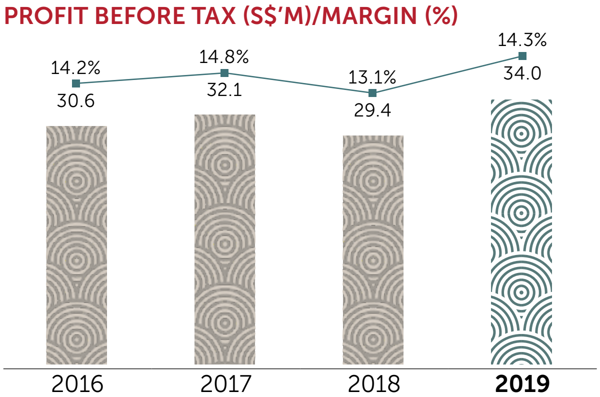
2016
Singapore Productivity Award – Excellence in F&B Sector

FINANCIAL HIGHLIGHTS

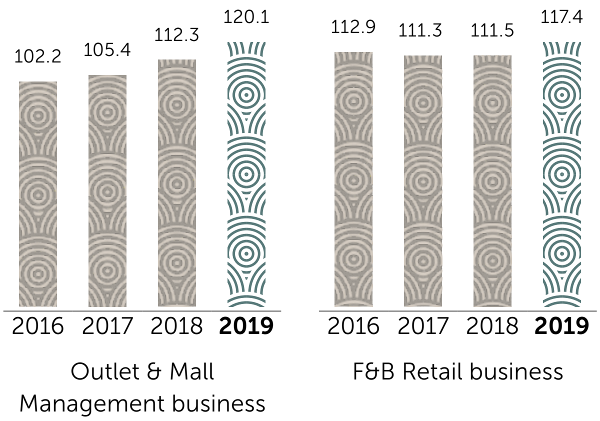
TOTAL REVENUE (S$'M)



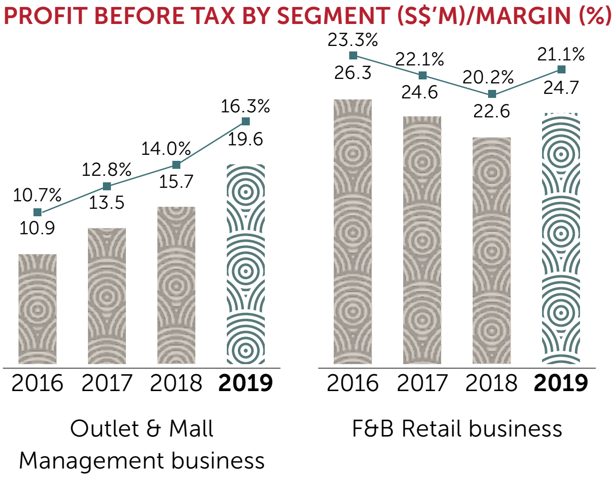
PROFIT BEFORE TAX (S$'M)/MARGIN (%)



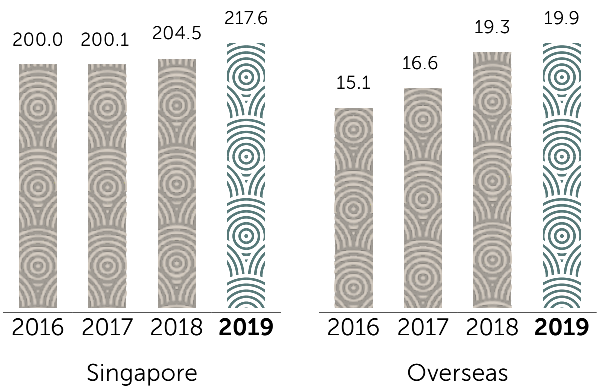
REVENUE BY SEGMENT (S$'M)



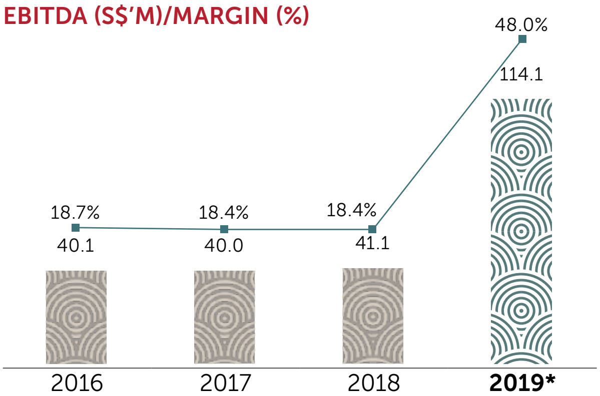
PROFIT BEFORE TAX BY SEGMENT (S$'M)/MARGIN (%)



REVENUE BY GEOGRAPHY (S$'M)



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



* EBITDA (S$'M)/Margin (%) for FY 2019 may not be comparable to that of FY 2016, FY 2017 and FY 2018 due to the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases which is effective from 1 January 2019.

	2016 $'000	2017 $'000	2018 $'000	2019 $'000
INCOME STATEMENT				
GROUP REVENUE	**215,105**	**216,679**	**223,840**	**237,507**
REVENUE BY SEGMENT				
- Outlet & mall management business	102,241	105,360	112,317	120,090
- F&B retail business	112,864	111,319	111,523	117,417
Total Revenue	**215,105**	**216,679**	**223,840**	**237,507**
REVENUE BY GEOGRAPHY				
- Singapore	199,966	200,082	204,526	217,585
- Overseas	15,139	16,597	19,314	19,922
	215,105	**216,679**	**223,840**	**237,507**
Group Profit before Taxation and Non-Controlling Interest	30,612	32,114	29,431	33,958
PROFIT BEFORE TAX BY SEGMENT				
- Outlet & mall management business	10,909	13,521	15,683	19,609
- F&B retail business	26,312	24,618	22,565	24,741
Group EBITDA	40,140	39,965	41,138	114,091*
Group Profit after Taxation and Non-Controlling interest	25,882	26,819	24,476	27,836
Net profit attributable to owners of the Company	25,882	26,869	24,509	27,688
FINANCIAL POSITION				
Total Assets	186,846	107,211	159,695	348,881
Total Liabilities	83,960	64,095	68,167	245,867
Total Shareholder's Equity	102,886	43,116	91,528	103,104
Cash and Cash Equivalents	49,043	53,043	60,979	90,396
PER SHARE INFORMATION				
Earnings Per Share (cents)	5.36	5.56	4.75	4.99
Net Asset Value Per Share (S$)	0.21	0.09	0.16	0.18
KEY RATIOS				
EBITDA margin (%)	18.7%	18.4%	18.4%	48.0%*
Profit before tax margin (%)	14.2%	14.8%	13.1%	14.3%
Profit before tax by segment margin (%)				
- Outlet & mall management business	10.7%	12.8%	14.0%	16.3%
- F&B retail business	23.3%	22.1%	20.2%	21.1%
Profit after tax margin (%)				
– attributable to owners of the company	12.0%	12.4%	10.9%	11.7%
Gearing Ratio	0.16	0.04	0.05	0.05
Debt-to-Equity Ratio	0.82	1.49	0.74	2.38
Return on Shareholders' Funds (%)	25.2%	62.2%	26.7%	27.0%

* EBITDA (S$'M)/Margin (%) for FY 2019 may not be comparable to that of FY 2016, FY 2017 and FY 2018 due to the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases which is effective from 1 January 2019.

FINANCIAL & OPERATIONS
REVIEW

Guided by our core values in our vision towards "Better Food, Better People, Better Life", Koufu has continued our trailblazing path of growth in 2019. Apart from deepening our footprint in Singapore and Macau, we have set foot on the shores of Malaysia and recently in Indonesia, as we continue to pursue overseas expansion.

Back in Singapore, Koufu continues to solidify its business and operations, having commenced construction of our game-changing integrated facility, which will support the Group's increasing business needs and drive economies of scale. A growth catalyst for the Group, the integrated facility expects to obtain its temporary occupation permit by 3Q 2020 and will set the foundation for brewing new growth horizons.

While the F&B industry continues to remain challenging, we have made great strides this year with both our business segments locally and overseas, achieving yet another year of record revenue. Looking ahead, the Group plans to leverage on our deep experience and network to further our market share locally, and strategically expand our brands abroad.

FINANCIAL HIGHLIGHTS

Guided by the Group's robust operating track record, multi-brand strategy and targeted expansion plan for sustainable growth, Koufu has achieved yet another year of record revenue at S$237.5 million in FY 2019. This was backed by steady revenue growth from the Group's two synergistic businesses, namely the Outlet & Mall Management and the F&B Retail business segments.

Overall, the Group generated a profit before taxation of S$34.0 million in FY 2019, a 15.4% increase from S$29.4 million in FY 2018. The Group's Net Profit After Tax ("NPAT") attributable to Owners of the Company increased by S$3.2 million or 13.0% to S$27.7 million in FY 2019, compared to S$24.5 million in FY 2018.

Koufu maintained its strong cash generative abilities with net cash of S$110.1 million generated from operating activities. The Group has maintained a robust balance sheet, with a cash and cash equivalent of S$90.4 million and net cash of S$85.7 million as at 31 December 2019. This will provide Koufu with sufficient headroom and financial flexibility for the funding of future growth initiatives.

As at 31 December 2019, the Group recorded a shareholders' equity of S$102.3 million.

Earnings per share on a fully-diluted basis rose to 4.99 Singapore cents in FY 2019 compared to 4.75 Singapore cents in FY 2018.

Net asset value per share rose to 18.44 Singapore cents as at 31 December 2019 compared to 16.47 Singapore cents as at 31 December 2018.

OUTLET & MALL MANAGEMENT	FY 2019	FY 2018
Revenue (S$'m)	120.1	112.3
Revenue Contribution (%)	50.6	50.2

OUTLET & MALL MANAGEMENT

The Group broadened our network this year, to a total count of 50 food courts (inclusive of two food courts in Macau), 16 coffee shops, a hawker centre and a commercial mall as at 31 December 2019, under the Outlet & Mall Management segment.

Revenue for this segment grew by S$7.8 million to S$120.1 million, from S$112.3 million in FY 2018. The 6.9% improvement in revenue was mainly on the back of contributions from five food courts and one coffee shop that were newly opened in the year under review, as well as overall revenue growth from most outlets. However, this was partially offset by the closure of two food courts.

The *Rasapura Masters* premium food court at Singapore's iconic, high-end shopping mall Marina Bay Sands, had recorded its first full year of operations since the completion of upgrading and refurbishment works in July 2018, providing a better dining experience for customers. As a result, revenue from this food court increased post-renovation, with the increase in patronship.

Subsequent to the financial year end, Koufu has further opened two coffee shops locally at Blk 215C Compassvale Drive and Blk 602B Tampines Ave 9. Looking forward, Koufu will further open its third food court in Macau, at Nova City, a food court at Le Quest at Bukit Batok Str 41 and another coffee shop at the new headquarters at 1 Woodlands Height, to bring the total number of food courts and coffee shops to 55 (inclusive of three food courts in Macau) and 19 respectively by the next financial year end.

F&B RETAIL

The F&B Retail segment consists of 76 self-operated F&B stalls (inclusive of four F&B stalls in Macau), 29 F&B kiosks (inclusive of one in Macau and one in Malaysia), 7 Quick-Service Restaurants ("QSRs") and 4 full-service restaurants, as at 31 December 2019.


FINANCIAL & OPERATIONS REVIEW

F&B RETAIL	FY 2019	FY 2018
Revenue (S$'m)	117.4	111.5
Revenue Contribution (%)	49.4	49.8

The F&B Retail segment, which makes up 49.4% of total revenue, contributed S$117.4 million in revenue in FY 2019, up 5.3% from S$111.5 million in FY 2018. This was mainly due to the opening of seven new F&B stalls and coffee shops, 20 new F&B kiosks and 2 new full-service restaurants, and overall revenue growth in most outlets. This was partially offset by closure of two F&B stalls arising from closure of the two foodcourts, one F&B kiosk and one full-service restaurant.

Driven by wide market acceptance, we have opened 26 outlets for the tea beverage brands, *R&B Tea* and *Supertea* in Singapore, as at end of 2019. Overseas, Koufu has opened our first *R&B Tea* outlet in Mahkota Parade Melaka in Malaysia, adding on to the overseas outlet in Macau. Subsequent to the year end, the Group has also opened one more outlet locally at East Point Mall.

In addition, Koufu has further secured another three new locations in Singapore for its *R&B Tea* outlets, located at Change Alley, Le Quest at Bukit Batok St. 41 and Fusionopolis. This will bring the total number of *R&B Tea/Supertea* kiosks/QSR in Singapore to 29 for the new financial year. At the same time, we are also in active discussion with potential partners to expand the footprint of the high growth tea beverage brands to Indonesia and the Philippines.

As for *Elemen* full-service restaurants, Koufu opened two new outlets at Great World City and Paya Lebar Quarters and closed the one at Thomson Plaza in FY 2019, bringing the total number of full-service restaurants to four. Following its strong reception, plans are in place to bring the restaurant brand that serves meatless cuisine overseas, tapping on the Group's accumulated network and experience.

MONTH	BRAND	LOCATION	OUTLET & MALL MANAGEMENT	F&B RETAIL
SINGAPORE				
Jan	Koufu	The Woodgrove	Food Court	F&B Stall
Jan	R&B Tea	100 AM Mall		F&B Kiosk
Jan	R&B Tea	Tampines MRT		F&B Kiosk
Jan	R&B Tea	Parkway Parade		F&B Kiosk
Jan	R&B Tea	Yew Tee Point		F&B Kiosk
Feb	Koufu	Buangkok Square	Food Court	F&B Stall
Mar	R&B Tea	Buangkok Square		F&B Kiosk
Apr	Happy Hawkers	289C Compassvale Crescent	Coffee Shop	F&B Stall
Apr	R&B Tea	Wisma Atria		F&B Kiosk
Apr	R&B Tea	Rivervale Plaza		F&B Kiosk
May	R&B Tea	Harbourfront Centre		F&B Kiosk
Jun	R&B Tea	Singapore Polytechnic		F&B Kiosk
July	Elemen	Great World City		Full Service Restaurant
July	Elemen	Paya Lebar Quarter		Full Service Restaurant
July	R&B Tea	JEMS		F&B Kiosk
July	Koufu	164 Kallang Way	Food Court	F&B Stall
Aug	Koufu	Millenia Walk	Food Court	F&B Stall
Aug	R&B Tea	Far East Square		F&B Kiosk
Aug	R&B Tea	Vivocity		F&B Kiosk
Sep	R&B Tea	White Sands		F&B Kiosk
Sep	R&B Tea	Singapore Management University		F&B Kiosk

MONTH	BRAND	LOCATION	OUTLET & MALL MANAGEMENT	F&B RETAIL
Oct	R&B Tea	Seletar Mall		R&B Kiosk
Nov	R&B Tea	Clementi Mall		F&B Kiosk
Dec	R&B Tea	Thomson Plaza		F&B Kiosk
Dec	R&B Tea	Great World City		F&B Kiosk
OVERSEAS				
Mar	R&B Tea	Macau (Macau University)		F&B Kiosk
Apr	Koufu	Macau (Macau University)	Food Court	F&B Stall
Nov	R&B Tea	Malaysia (Mahkota Parade Melaka)		F&B Kiosk

DIGITALISATION & TECHNOLOGICAL INNOVATION

Koufu is a firm believer in using technology as an enabler to increase productive capacity, improve the quality and consistency of our products and reduce the workload for staff. Apart from the implementation of the NETS unified payment system across all our outlets, Koufu has liaised with third-party service providers to implement the mobile ordering application to more than 40 food courts and coffee shops. To encourage usership, customers who order and pay using the application get to enjoy a 10% discount. Additionally, to reduce the burden on staff, we have deployed 43 smart tray return robots to 16 food courts and coffee shops and are working towards increasing this number.

With the growing prevalence of food delivery, the Group is in the process of forming partnerships with third-party food delivery service providers at our outlets. We aim to reach a wider customer base and capture additional sales revenue, while we increase our market share.

As part of our continuous Research and Development efforts, we have started the pilot phase of our traditional coffee making machine at Blk 289 Compassvale Crescent in June 2019. This machine seeks to increase the consistency and quality of the coffee served at the coffee shop and to reduce the reliance on staff. It has been well received by our customers thus far and we are in the process of testing the 2nd Generation coffee making machine. In the same vein, we have also started the testing phase for our automatic dim sum deep fryer, which is targeted to be launched by 1H 2020.

OUTLOOK & GROWTH PLANS

Looking ahead, the Group has commenced construction of the integrated facility at Woodlands Avenue 12 in 4Q 2018 and is expected to obtain its temporary occupation permit by 3Q 2020. Positioned as the growth catalyst and game changer for Koufu, the 7-storey, 20,000 square metre proposed integrated facility is five times larger than our existing central kitchens and headquarters, and will support the Group's growing business needs.

At the same time, the Group will continue to capitalise on our multi-brand strategy and diversify our F&B concepts through the expansion of our portfolio of brands, while keeping a prudent watch over operations and costs, as we broaden our island-wide and regional footprint. The Group has widened our geographical reach to Indonesia with a tea beverage brand joint venture, a strategic platform to leverage and explore other potential joint venture opportunities to operate our brands regionally.

Notwithstanding the challenges brought about by the COVID-19 outbreak, with its impact on local and global retail businesses, the Group expects to maintain our competitive edge with our targeted expansion plans and ongoing productivity efforts. We will continue to increase efficiency with technological adoption and innovation, and stay ahead of our competitors by leveraging on our expertise in identifying and introducing trademark concepts, to enhance our value to our stakeholders and customers.

CORPORATE
SOCIAL RESPONSIBILITY

Beyond the focus on building a sustainable business, corporate social responsibility has always been an integral part of Koufu's mission since the inception of the Group. Koufu strongly believes that help needs to be extended, especially for the less fortunate and elderly, in order for the society to thrive and achieve betterment together. It is also Koufu's belief in providing education to our future generations that can create positive impact on the society and for talent development. Koufu actively gives back through select outreach programmes and bursaries that support the same cause:

KOUFU'S PARTICIPATION IN NATIONAL DAY PARADE 2019

In celebration of Singapore's Bicentennial and marking the nation's 54 years of independence, National Day Parade 2019 themed "Our Singapore" was held at the Padang. Koufu is honoured to have participated in the Parade and Ceremony segment as one of the 38 marching contingents for the second year, the first being in 2016 when the nation celebrated its 51st birthday at the National Stadium. 44 committed employees volunteered and trained under the hot sun and pouring rain for 15 consecutive Saturdays at the Nee Soon Camp and the Padang. The Koufu contingent marched with pride on 8 August 2019. This truly exhibits the "Koufu" spirit in overcoming difficulties and challenges just like how our nation overcomes its challenges in rain or shine.

SHARE – A BOWL OF RICE

Share – A Bowl of Rice is an annual meaningful charity event supported by Koufu to encourage sharing, caring and giving back to society. Koufu partners with distinguished Singapore artist, Mr Tan Kay Nguan, to raise funds for the less fortunate community through the annual charity sale of art paintings, which are delicately created using rice grains and acrylic painting. Share - A Bowl of Rice embraces Koufu's Chinese roots and beliefs. As an integral part of the Chinese culture, rice is held very close to the hearts of Singaporeans. Aligned with Koufu's mission of providing good food to everyone, the word for rice in Chinese is the same as that of food; a symbol of life, growth and togetherness in the Chinese culture.

SUN LOVE HOME

Koufu regularly visits its adopted charity – Sun Love Home, which provides care to intellectually-infirmed individuals. On occasions such as Chinese New Year, Christmas and Mid-Autumn Festival, staff and their families bring along treats and spend quality time with the residents, engaging them in a myriad of activities to spread festive cheers all around.

KOUFU ENDOWED BURSARY

Koufu's endowed bursary for Nanyang Technological University (the "University") of a commitment of S$1,000,000 was setup in 2019 in support of the education of ASEAN students with financial needs and who wishes to pursue an undergraduate degree with the University.


MAJULAH
SINGAPURA
Koufu

INVESTOR RELATIONS

The Group remains committed to building and maintaining strong relationships with its shareholders and stakeholders, through meetings with the investment community, ensuring effective communication and upholding best corporate governance practices.

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

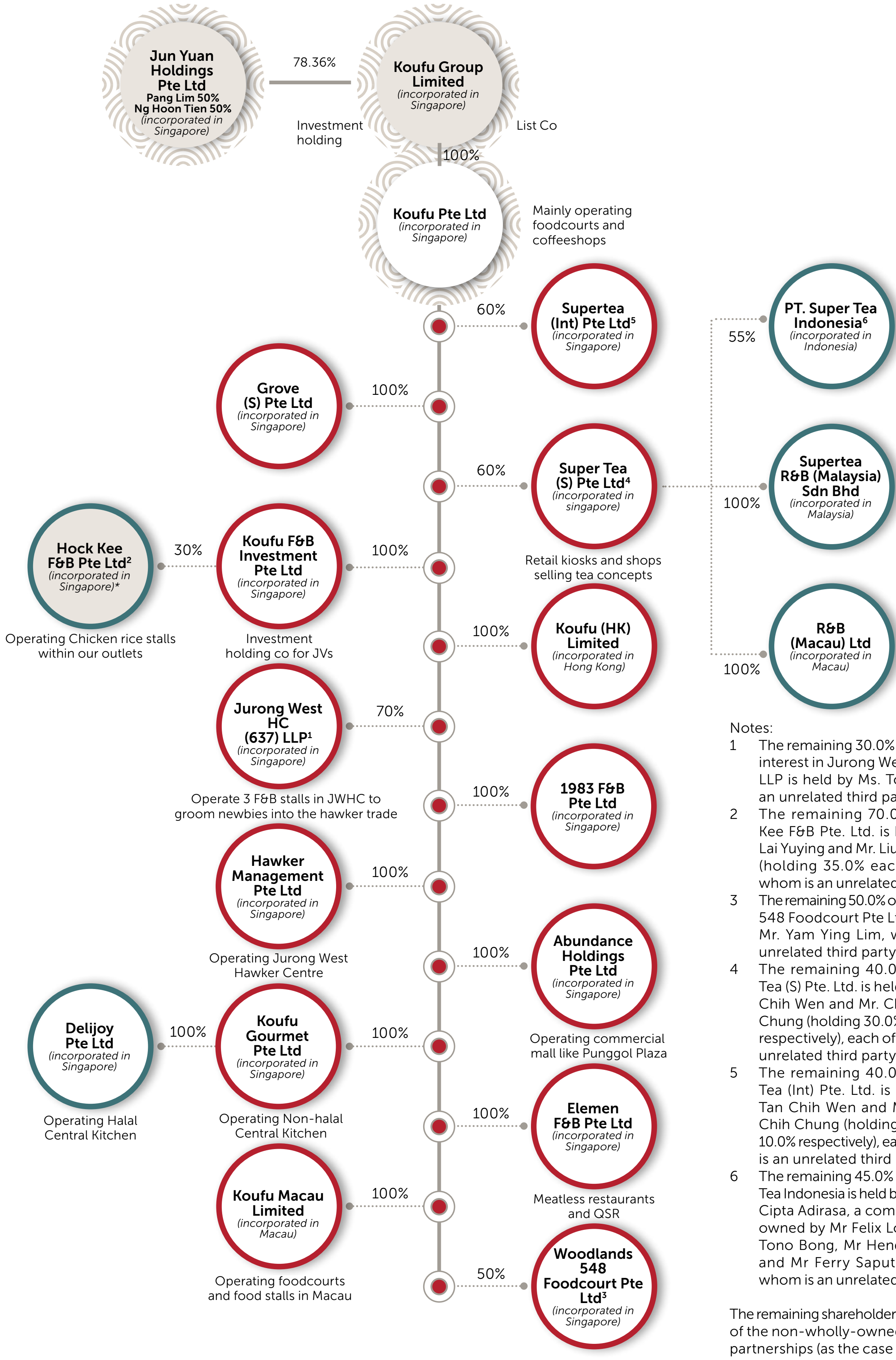
Through various one-on-one meetings, results briefings and non-deal roadshows, Koufu's management engaged with over 120 sell-side equity research analysts, buy-side fund managers and institutional investors during the financial year. Koufu is currently covered by four research houses[1] and had secured one unrated report during the financial year. The Group will continue to harness these relationships moving forward in its effort to improve the market's recognition.

INVESTOR RELATIONS CALENDAR

FY 2019	
8 January 2019	Pulse of Asia Conference 2019 organised by DBS Vickers Securities
26 February 2019	FY 2018 Results Announcement
28 February 2019	FY 2018 Results briefing attended by sell-side equity analysts, family funds and boutique funds
1 March 2019	SGX-CGS-CIMB Consumer Corporate Day
19 March 2019	Retail briefing hosted by UOB Kay Hian
26 March 2019	Results briefing to fund managers hosted by UOB Kay Hian
24 April 2019	FY 2018 Annual General Meeting
6 May 2019	Q1 2019 Results Announcement
8 May 2019	Q1 2019 Results briefing attended by sell-side equity analysts, family funds and boutique funds
13 June 2019	Retail briefing hosted by Lim & Tan Securities
12 July 2019	Company Spotlight Retail Briefing hosted by Financial PR
7 August 2019	Q2 2019 Results Announcement
8 August 2019	Q2 2019 Results briefing attended by sell-side equity analysts, family funds and boutique funds
27 August 2019	SGX-SAC Small/Mid Cap Corporate Access Symposium
4 November 2019	Q3 2019 Results Announcement
5 November 2019	Q3 2019 Results briefing attended by sell-side equity analysts, family funds and boutique funds

1 Coverage by Equity Research Houses:
- DBS Group Research
- UOB Kay Hian
- Lim & Tan Securities
- SAC Capital

GROUP STRUCTURE



Notes:

1. The remaining 30.0% partnership interest in Jurong West HC (637) LLP is held by Ms. Toh Poh Tin, an unrelated third party.
2. The remaining 70.0% of Hock Kee F&B Pte. Ltd. is held by Ms. Lai Yuying and Mr. Liu Yang Huan (holding 35.0% each), each of whom is an unrelated third party.
3. The remaining 50.0% of Woodlands 548 Foodcourt Pte Ltd is held by Mr. Yam Ying Lim, whom is an unrelated third party.
4. The remaining 40.0% of Super Tea (S) Pte. Ltd. is held by Mr. Tan Chih Wen and Mr. Chuang Chih Chung (holding 30.0% and 10.0% respectively), each of whom is an unrelated third party.
5. The remaining 40.0% of Super Tea (Int) Pte. Ltd. is held by Mr. Tan Chih Wen and Mr. Chuang Chih Chung (holding 30.0% and 10.0% respectively), each of whom is an unrelated third party.
6. The remaining 45.0% of PT. Super Tea Indonesia is held by PT. Berkah Cipta Adirasa, a company jointly owned by Mr Felix Lokanata, Mr Tono Bong, Mr Hendry Saputra and Mr Ferry Saputra, each of whom is an unrelated third party.

The remaining shareholders or partners of the non-wholly-owned entities or partnerships (as the case may be) are not associates of our Company or any of our Directors or Controlling Shareholders.

* In the midst of striking off

CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Pang Lim
Executive Chairman and Chief Executive Officer

Mdm. Ng Hoon Tien
Executive Director

Dr. Yu Lai Boon
Lead Independent Non-Executive Director

Mr. Tan Huay Lim
Independent Non-Executive Director

Mr. Hoon Tai Meng
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE
Mr. Tan Huay Lim
Chairman

Dr. Yu Lai Boon
Mr. Hoon Tai Meng
Members

NOMINATING COMMITTEE
Dr. Yu Lai Boon
Chairman

Mr. Pang Lim
Mr. Hoon Tai Meng
Members

REMUNERATION COMMITTEE
Mr. Hoon Tai Meng
Chairman

Dr. Yu Lai Boon
Mr. Tan Huay Lim
Members

COMPANY SECRETARY
Ms. Siau Kuei Lian
Ms. Teo Chia Hui
(from 29 December 2019)
Members of the Singapore Association of the Institute of Chartered Secretaries and Administrators

REGISTERED OFFICE
18 Woodlands Terrace
Singapore 738443

COMPANY REGISTRATION NO.
201732833D

SHARE REGISTRAR & SHARE TRANSFER OFFICE
RHT CORPORATE ADVISORY PTE. LTD.
30 Cecil Street, #19-08
Prudential Tower
Singapore 049712

INDEPENDENT AUDITORS
KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Partner-in-charge: Mr. Tan Khai Boon
(Appointed since the financial year ended 31 December 2019)

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

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

INVESTOR RELATIONS
KOUFU GROUP LIMITED
Ms. Chua Sher Lin
Email: ir@koufu.com.sg

EXTERNAL INVESTOR RELATIONS CONSULTANCY:
CITIGATE DEWE ROGERSON SINGAPORE PTE LTD
105 Cecil Street #09-01
The Octagon
Singapore 069534
Dolores Phua / Samantha Koh / Valencia Wong
Email: allcdrsgkoufu@citigatedewerogerson.com
Tel: +65 6534 5122

CORPORATE GOVERNANCE

ABOUT KOUFU GROUP LIMITED

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

For the Financial Year ended 2019 ("FY2019"), the Group has conformed to the Principles of the Code and strives to comply with the Provisions set out in the Code and where it has deviated from the Provisions set out in the Code, appropriate explanations are provided.

A. BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

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

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

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

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

(c) Establishing and maintaining a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and Company's performance;

(d) Supervising, monitoring and reviewing the performance of the management team;

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

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

Provision 1.1 of the Code

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

Provision 1.2 of the Code

Induction, Training and Development: The Company will provide a comprehensive orientation programme for incoming Directors upon joining the Board to familiarise them with the Company's businesses and governance practices, accounting control policies, procedures and the risk management framework and internal control policies and procedures, including an overview of the written policies and procedures in relation to the financial, operational and compliance controls; as well as the Group's history, core values, strategic direction and industry-specific knowledge so as to assimilate them into their new roles. The Company will also arrange for any new Director with no prior experience of serving as a director in a listed company to attend appropriate courses, conferences or seminars, including Mandatory Training conducted by the Singapore Institute of Directors in accordance to Rule 210(5)(a) of the SGX-ST or other training institutions in areas such as accounting, legal and industry-specific knowledge, at the expense of the Company.

Each Director is provided with an updated manual containing Board and Company policies relating to the disclosure of interests in securities and conflicts of interests in transactions involving the Company, prohibitions on dealings in the Company's securities, as well as restrictions on the disclosure of price sensitive information.

The Company encourages existing Directors to attend relevant training courses to keep themselves updated and familiarised with new changes. During FY2019, all Directors went through various training courses conducted by the Singapore Institute of Directors and other professional firms.

The Directors are updated regularly with changes to the Listing Rules of the SGX-ST, risk management, corporate governance, insider trading and the key changes in the relevant regulatory requirements and international financial reporting standards and the relevant laws and regulations to facilitate effective discharge of their fiduciary duties as Board or Board Committees members. News releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("ACRA") which are relevant to the Directors are circulated to the Board. The Company Secretaries would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend seminars and training to update themselves in the discharge of Directors' duties and responsibilities. Changes to regulations and accounting standards are monitored closely by the Management. In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company during Board and Board Committees' meetings.

Provision 1.3 of the Code

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

(a) Business strategy and capital expenditure budgets;

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

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

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

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

(f) Material regulatory matters or litigation;

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

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

(i) Convening of general meetings.

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

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

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

Provision 1.5 of the Code

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

The number of Board and Board Committees meetings and attendance of each Director at such meetings where relevant for FY2019 are set out in the table below.

		Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
No. of meetings held during FY 2019		5	5	1	3
Board member	**Membership**				
Mr. Pang Lim	Executive Chairman, Chief Executive Officer ("CEO") and member of the NC	5	5*	1	3*
Mdm. Ng Hoon Tien	Executive Director	5	5*	1*	3*
Dr. Yu Lai Boon	Lead Independent Non-Executive Director, Chairman of the NC and member of the ARMC and RC	5	5	1	3
Mr. Tan Huay Lim	Independent Non-Executive Director, Chairman of the ARMC and member of RC	5	5	1*	3
Mr. Hoon Tai Meng	Independent Non-Executive Director, Chairman of the RC and member of ARMC and NC	5	5	1	3

* By invitation

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

Provision 1.6 of the Code

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

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

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

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

BOARD COMPOSITION AND GUIDANCE

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

Board composition: The Board consists of five (5) members comprising the Executive Chairman who is also the CEO, one (1) Executive Director and three (3) Independent Non-Executive Directors: *Rule 1207(10B) of the SGX-ST*

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

Board Independence: The Board assesses the independence of each Director in accordance with the guidance provided in the Code. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement in the best interests of the Company. The Board has three (3) Independent Non-Executive Directors whose independence has been reviewed by the NC. *Provision 2.1 of the Code*

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

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

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

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

Provision 2.2 of the Code

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

Provision 2.3 of the Code

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

Provision 2.4 of the Code

Board diversity: The Board is committed to ensuring diversity on the Board including but not limited to appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning to avoid groupthink and foster constructive debate. The current Board comprises of a female Director and four male Directors with an age group ranging between 50 to 70 years old. Each director has been appointed based on the strength of his or her calibre, experience, grasp of corporate strategy and potential to contribute to the Company and its businesses. The Board provides diversity of expertise and knowledge in areas such as real estate, accounting, finance, investment, risk management, legal and business management. This diversity facilitates constructive debate on the business activities of the Company and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board, in concurrence of the NC, is of the view that the Directors possess the necessary competencies to provide the Management with a diverse and objective perspective on issues so as to lead and govern the Company effectively.

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

Provision 2.5 of the Code

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The Chairman is responsible for leading and ensuring the effectiveness of the Board. This includes promoting a culture of openness and debate at the Board, ensuring that the members of the Board work together with integrity and competency, facilitating the effective contribution of all Directors and promoting high standards of corporate governance. The Chairman also ensures appropriate relations within the Board and between the Board and the Management, engaging the Management in constructive debate on strategy, business operations, enterprise risk and other plans. The Chairman also ensures effective communication with shareholders and other stakeholders. The CEO has full executive responsibilities over the business directions and operational decisions in the daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. *Provision 3.1 of the Code*

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

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

BOARD MEMBERSHIP

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

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

The composition of the NC is as follows:-

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

Nominating Committee role: The NC makes recommendations to the Board on all Board appointments. The NC has adopted a formal set of terms of reference approved by the Board. A summary of the NC's key responsibilities include: *Provision 4.1 of the Code*

(a) Making recommendations to the Board on the review of succession plans for all Directors, particularly the Chairman, the CEO and the key management personnel;

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

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

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

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

Director appointment and re-appointment: The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new Directors are required, the NC will identify the key attributes that an incoming director should have, which is based on a matrix of the attributes of the existing Board and the requirements of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the Directors' contacts and/or engage external consultants to source for potential candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval. The NC also conducts an annual review of the independence of a director having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rule of SGX-ST. Sufficient information will accompany all resolutions for the Director appointments and re-appointments/re-election to enable the Board to make informed decisions. *Provisions 4.3 and 4.4 of the Code*

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

The NC has recommended to the Board that Mdm. Ng Hoon Tien and Mr. Hoon Tai Meng be nominated for re-election at the forthcoming AGM. The Board had accepted the NC's recommendation and had tabled for shareholders' approval the re-election of Mdm. Ng Hoon Tien and Mr. Hoon Tai Meng, who are retiring at the forthcoming AGM as Directors of the Company. The details of Mdm. Ng Hoon Tien and Mr. Hoon Tai Meng who will be retire by rotation at the forthcoming AGM are disclosed in the Directors' Profile on pages 14 to 15 of this Annual Report. The details of the Directors seeking for re-election are set out on pages 56 to 61 of this Annual Report. *Rule 720(6) of the SGX-ST*

In respect of each Director, the academic and professional qualifications, Board Committees served on (as member or Chairman), date of first appointment as Director, directorships and chairmanships both present and past held over the preceding three years in other listed companies, and other principal commitments, whether executive or non-executive, are set out in pages 55 to 56 of this Annual Report.

Provision 4.5 of the Code

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

For FY2019, the NC is satisfied that the other directorships and principal commitments of the Directors had not hindered them from carrying out their duties as Directors of the Company.

Alternate Directors: No Alternate Director was appointed to the Board in FY2019.

BOARD PERFORMANCE

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

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

Provision 5.1 of the Code

The Board has implemented a formal annual process for assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director. For the financial year under review, each Director has completed the evaluation forms of the Board as a whole, each Board Committee (where relevant) and individual Director as adopted by the NC to assess the overall effectiveness of the Board as a whole, each Board Committee and individual Director. The results have been collated by the NC Chairman for review and discussion. The assessment of the Board's performance focused on a set of performance criteria for the Board evaluation which includes the Board structure, strategy and performance, governance on Board risk management & internal controls, information to the Board, Board procedures, CEO/top management and the Directors' standards of conduct.

Provision 5.2 of the Code

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the ARMC, NC and RC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate/participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment.

The results of the assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director exercise were considered by the NC which would then make recommendations to the Board aimed at helping the Board to discharge its duties effectively. The Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of directors may be sought. No external facilitator was engaged in FY2019. However, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense, if the need arises.

B. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

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

Provision 6.2 of the Code

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

Provision 6.1 of the Code

(a) Reviewing and recommending to the Board a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and key management personnel;

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

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

Termination clauses: Termination clauses are included in the service agreements for key management personnel. The RC has reviewed and recommended to the Board and the Board concurred that the termination clauses are fair and reasonable, and are not overly generous. There was no termination of any key management personnel during FY2019.

Provision 6.3 of the Code

Remuneration experts: The Company has not engaged any remuneration consultants in FY2019 and will continue to monitor the need to engage external remuneration consultants going forward and where applicable, will review the independence of the external firm before any engagement.

Provision 6.4 of the Code

LEVEL AND MIX OF REMUNERATION

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

Provisions 7.1 and 7.3 of the Code

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

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

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

The selection of a Participant and the number of shares to be granted in accordance to the KFSP is determined in the absolute discretion of the Remuneration Committee, taking into criteria such as his/her rank, job performance during the performance period, potential for future development, his/her future contribution to the success and development of the Group. Entitled participants will be allotted fully paid-up shares upon satisfactory achievement of pre-determined performance target(s) within the performance period. Controlling Shareholders of the Group are not eligible to participate in the KFSP.

Provision 7.2 of the Code

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

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

DISCLOSURE ON REMUNERATION

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

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

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

Though the KFSP is in place, the Company had not granted share awards to any employees and Directors under the KFSP in FY2019.

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

A breakdown showing the level and mix of each Director's and Key Management Personnel's remuneration for the financial year ended 31 December 2019 is set out below:-

Provisions 8.1(a) and 8.3 of the Code

Name of Director	Salary[1] (%)	Variable Performance-Related Income/ Bonuses (%)	Benefits-in-Kind (%)	Directors Fees[2] (%)	Total (%)
Above S$1,000,000 and below S$1,250,000					
Pang Lim	30	70	–	–	100
Above S$750,000 and below S$1,000,000					
Ng Hoon Tien	29	71	–	–	100
Up to S$250,000					
Yu Lai Boon	–	–	–	100	100
Tan Huay Lim	–	–	–	100	100
Hoon Tai Meng	–	–	–	100	100

Provisions 8.1(b) and 8.3 of the Code

Name of key management personnel (who are not Directors)	Designation	Base/ Fixed Salary and Statutory Contributions[1] (%)	Variable or Performance Related Income/ Bonuses (%)	Benefits-in-Kind (%)	Total (%)
Above S$250,000 and below S$500,000					
Chua Sher Lin	Chief Financial Officer	61	39	–	100
Choo Teck Chuan	Chief Operating Officer	74	26	–	100
Up to S$250,000					
Tham Poh Cheong*	Chief Strategy Officer	93	7	–	100
Richard Tan Bin Huat**	Chief Development Officer	100	-	–	100
Ng Lian Leck	Head, Procurement	69	31	–	100

Note:
* Ceased to be the Chief Strategy Officer on 31 January 2020
** Ceased to be the Chief Development Officer on 16 August 2019

Immediate family member of Directors or Substantial Shareholders: Ms. Ng Lian Leck is Mdm. Ng Hoon Tien's sister, whose remuneration exceeds S$100,000 in the financial year ended 31 December 2019. The Company uses the same basis for determining the compensation of the related employees and the compensation of other unrelated employees.

Provision 8.2 of the Code

Details of remuneration paid to the immediate family member of Directors or substantial shareholders whose remuneration exceeds S$100,000 for the financial year ended 31 December 2019 are set out below:

Name of employees who are immediate family member of Directors or substantial shareholders	Designation	Salary[1] (%)	Variable or Performance-Related Income Bonuses (%)	Benefits-in-Kind (%)	Total (%)
Above S$100,000 and below S$150,000					
Ng Lian Leck	Head, Procurement	69	31	-	100

Save as disclosed, no other employee whose remuneration exceeded S$100,000 during the financial year is an immediate family member of any of the members of the Board, the CEO or substantial shareholders of the Company.

Notes:-
(1) Salary is inclusive of fixed allowance and CPF contribution
(2) Directors' fees paid to the respective Independent Non-Executive Directors after approval has been obtained from shareholders at the AGM held in 2019

The aggregate total remuneration paid to the top five key management personnel for the financial year ended 31 December 2019 is approximately S$1,074,000. The Company believes that it should not disclose the remuneration paid to each of the Director and key management personnel in absolute amount due to the highly competitive market.

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

C. ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

Provision 9.1 of the Code

Accountability: The Group embraces the belief that to build confidence among stakeholders, there is a need to deliver sustainable value. The Group complies with statutory and regulatory requirements as well as adopts best practices in its business processes. On a regular basis, the Board is also apprised of the Group's performance in order to make a balanced and informed assessment of the Group's performance, position and prospects.

Internal Controls: The Group adopts the principle that a sound system of internal controls and risk management is necessary for the Group's business. The Group has established internal control and risk management systems that address the key operational, financial, compliance and information technology (IT) risks relevant to the Group's business and operating environment. These internal controls provide reasonable but not absolute assurance on the achievement of their intended control and risk management objectives. The key elements of the Group's system of controls are as follows:

Operating structure
The Group has a well-defined operating structure with clear lines of responsibility and delegated authority, complementing the reporting mechanism to the Management and the Board.

Policies, procedures and practices
Controls are detailed in formal procedures and manuals. For example, the Board has approved a set of delegations of authority that sets out approval limits for operational and capital expenditures, investments and divestments, bank borrowings and cheque signatory arrangements. Approval sub-limits are also provided at various management levels to facilitate operational efficiency and provide a system of check and balance. The Group's procedures and practices are regularly reviewed as well as revised where necessary to enhance controls and efficiency.

Whistleblowing policy
To reinforce a culture of good business ethics and governance, the Group has a whistleblowing policy to encourage the reporting, in good faith, of any suspected improper conduct, including possible financial irregularities, while protecting the whistle-blowers from reprisals. Any reporting is notified to the ARMC Chairman for investigation and for deliberation on the findings. Reports can be lodged via email to whistle-blowing@koufu.com.sg.

Risk management
Risk management is an integral part of the Group's business strategy. In order to safeguard and create value for stakeholders, the Group proactively manages risks and embeds the risk management process into the Group's planning and decision-making process. The CEO oversees the Enterprise Risk Management ("ERM") framework developed by PricewaterhouseCoopers Risk Services Pte. Ltd. ("PwC") in FY2019. The Enterprise Risk Management Committee ("ERMC"), led by the CEO reports key risk exposures, profile and activities in respect of significant risk matters to the ARMC and the Board independently on a quarterly basis. The risk management system, which encompasses the ERM framework and the risk management process, is dynamic and evolves with the business. The Group has identified key risks, assessed their likelihood and impact on the Group's business, and established corresponding mitigating controls. The information is maintained in a risk register that is reviewed and updated regularly. The ERMC, with the guidance and direction of the ARMC and the Board, actively reviews and enhances the risk management system.

Information Technology controls
As part of the risk management process, general IT controls and cyber security measures are reviewed to ensure that IT risks and cybersecurity threats are identified and mitigated. In addition, as part of the Group's business continuity plan, IT disaster recovery planning and tests are conducted to ensure that critical IT systems remain functional during a crisis.

Financial reporting
The Board is updated quarterly on the Group's financial performance whereby explanations for significant variances in financial performance, in comparison with budgets and actual performance of corresponding periods in the preceding year are provided. The Board is also provided with quarterly updates on key operational activities.

Financial management
The Management reviews the performance of the various business units monthly to instil financial and operational discipline at all levels of the Group. The key financial risks which the Group is exposed to comprise interest rate risk, liquidity risk and credit risk. Where necessary and appropriate, the Management may use derivative financial instruments to hedge against interest rate fluctuations. In addition, the Management proactively manages liquidity risk by maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations of cash flows. The Group also maintains revolving credit facilities with various banks that can be drawn down to meet short-term financing needs. The Group has in place credit control procedures for managing tenant credit risk and monitoring debt collection.

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

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

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

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

In addition, the CEO and the key management personnel have also given assurance to the Board that:

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

Board's conclusion: Based on the existing practices and reviews conducted by the Management and the Group's internal auditors and external auditors for FY2019, the Board, with concurrence from the ARMC, is of the opinion that as at 31 December 2019, the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective for the type and volume of business that the Group currently operates.

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

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

AUDIT COMMITTEE

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

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

Provisions 10.2 and 10.3 of the Code

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

Provision 10.1 of the Code

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

The main functions of the ARMC are as follows:

1. Reviewing the audit plan of the Company's external auditors and adequacy of the system of internal accounting control;

2. Reviewing significant financial reporting issues and judgments to ensure integrity of the Group's financial statements and announcements relating to its financial performance;

3. Reviewing the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology risks and controls;

4. Reviewing the adequacy, effectiveness and independence of the Group's Internal Audit function;

5. Reviewing the adequacy, effectiveness and independence of the external audit;

6. Making recommendations to the Board on the appointment, re-appointment, remuneration and terms of engagement of the internal and external auditors;

7. Reviewing regulatory compliance matters ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks for future breaches; and

8. Reviewing the whistleblowing policy and incidents reported.

Internal Audit function: The Group has outsourced its internal audit function to PwC who reports directly to the ARMC and administratively to the CFO. The ARMC approved the engagement, evaluation, and compensation of PwC as the internal auditors of the Company. The role of PwC is to provide independent assurance to the ARMC that the Group maintains adequate and effective risk management and internal control systems. PwC has unfettered access to all documents, records, properties and personnel, including access to the ARMC.

Provision 10.4 of the Code

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

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

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

For FY2019, PwC performed internal audit over key business processes in accordance with the approved internal audit plan. The ARMC has reviewed the audit findings and is satisfied that the issues, if any, have been appropriately dealt with.

Review of Internal Audit function: The ARMC conducted a review and concluded that the Internal Audit function is adequately resourced, effective and independent for FY2019.

Rule 1207(10c) of the SGX-ST

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

Provision 10.5 of the Code

The Group has complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST in relation to the appointment of external auditors. As required, the ARMC and the Board of the Company have undertaken a review of all non-audit services provided by the external auditors during the year and the fees charged as disclosed on page 128 of this Annual Report. The ARMC is satisfied that the nature and extent of such services has not compromised the independence and objectivity of the external audit and has recommended to the Board the re-appointment of KPMG LLP as auditors of the Company at the forthcoming AGM.

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

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

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

Summary of Audit and Risk Management Committee activities: During FY2019, the ARMC has reviewed the quarterly and annual financial statements of the Group, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by the Management, reviewed the nature, volume and disclosure of Interested Person Transactions, recommended the re-appointment of the external auditors and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The ARMC has assisted the Board in reviewing the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks of the Group.

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

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

ARMC's Commentary on significant financial reporting matters

The significant financial reporting matter considered by the ARMC in relation to the Group's financial statements for FY2019 was valuation of property, plant and equipment of S$209,989,000 as disclosed in Note 4 to the Financial Statements, which requires making assumptions and significant judgement about future performance on revenue growth rate, gross profit margin and stall occupancy rate which are inherently uncertain.

The ARMC held discussions with the management and reviewed the reasonableness of the key assumptions and significant judgement made by the management in forecasting the future cash flows of those loss making outlets namely food courts, coffee shops, quick-service restaurants, central kitchens and hawker centre.

The external auditor presented the results of its own review of management's underlying cash flow forecasts and appropriateness of discount rate applied in determining the value-in-use of the property, plant and equipment.

An impairment loss of S$1,077,000 was recognised in the income statement for FY2019 based on the assessment by the Management. Based on the review by the ARMC and discussions with the management and the external auditors, the ARMC concurs with the Management's assessment.

The above significant financial reporting matter was also the area of focus for the external auditors who have included this as key audit matter in their audit report set out in this Annual Report.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

Provision 11.1 of the Code

Voting procedures: At general meetings, all shareholders are encouraged to attend, participate effectively and vote in person or by proxy. The Company's Constitution provides for a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote at the general meetings of the Company. Where a member is a relevant intermediary, it may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her. Proxies need not be a shareholder of the Company. Shareholders are informed of such meetings through the annual report or circulars sent to all shareholders, notices published in the newspapers and announcements released via SGXNet. Shareholders will be briefed on the rules governing such meetings and voting procedures of the general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.

Provision 11.4 of the Code

Provision 11.2 of the Code

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

Provision 11.3 of the Code

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

Provision 11.5 of the Code

Minutes of general meetings: Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretaries. These minutes will not be published on the Company's website but will be made available to shareholders upon their requests.

Dividend Policy: The Group does not have a fixed dividend policy. The declaration and payment of dividends each year will take into consideration the Group's financial results, cash position, positive cash flow generated from operations, projected capital requirements for business growth, expansion plans and such other factors as the Board may deem appropriate. As disclosed in the Company's prospectus dated 11 July 2018, the Board intends to recommend dividends of at least 50% of the Company's net profit after tax generated in financial year ended 31 December 2019 ("FY2019") (after deducting profit attributable to non-controlling interests. Considering the Group's financial performance for FY2019, an interim dividend of Singapore 1.0 cent tax-exempt (one-tier) per share has been paid on 30 August 2019, and the Board has recommended a proposed final dividend of Singapore 1.5 cent tax-exempt (one-tier) per share for the approval of shareholders at the forthcoming AGM. Subject to the proposed final dividend being approved, the total dividend in respect of FY2019 will be 2.5 cent tax-exempt (one-tier) per share.

Provision 11.6 of the Code

ENGAGEMENT WITH SHAREHOLDERS

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

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

Provision 12.1 of the Code

- The electronic copy of the Annual Report can be accessed by the public via SGXNet as well as the Company's website. The Board ensures that the annual report includes all relevant information of the Company and the Group, including future developments, if any, and other disclosures required by the Companies Act, Chapter 50 and Singapore Financial Reporting Standards;

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

- Press releases on major developments of the Group.

The Notices of AGMs and extraordinary general meetings ("EGM") are also advertised in a national newspaper. All shareholders of the Company will receive a booklet containing key highlights of the Group's developments, instructions on accessing the Annual Report online with the option of receiving a printed option of the Annual Report, a notice of annual general meeting and a proxy form with instructions on the appointment of proxies by post. The notice of AGM is also published in the newspaper within the mandatory period.

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

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

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

Provision 12.2 of the Code

Investor engagement: The Company conducts briefings to present its financial results to the media and analysts. After the financial announcement periods, when necessary and appropriate, the IR team will meet investors and analysts who wish to seek a better understanding of the Group's business and operations. This effort enables the Company to solicit feedback from the investment community on a range of strategic and topical issues which provide valuable insights to the Company from investors' views. Shareholders may raise questions to the Company through the Company's website of which the Company may respond to such questions. For detailed IR events, please refer to page 26 of this Annual Report.

Provision 12.3 of the Code

Dealing in Securities: The Company has adopted an internal compliance code of conduct with regard to dealings in securities of the Company, in compliance with the principles of Rule 1207(19) of the Listing Manual. The implications of insider trading are set out in the internal code. The internal code prohibits its directors and officers from dealing in the Company's securities (i) during the periods commencing two weeks before the announcement of the Company's financial results for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements, ending on the date of the announcement of the relevant results and; (ii) if they are in possession of unpublished price-sensitive information of the Group.

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

INTERESTED PERSON TRANSACTIONS

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

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

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

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

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

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

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

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

The Interested Person Transactions undertaken by the Group in FY2019 are set out on pages 148 to 149 of this Annual Report.

USE OF PROCEEDS
The use of IPO proceeds is disclosed on page 149 of this Annual Report.

D. MANAGING STAKEHOLDER RELATIONSHIPS

ENGAGEMENT WITH STAKEHOLDERS

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

Provisions 13.1, 13.2 and 13.3 of the Code

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

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

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

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

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

Landlords – Positive relationships with landlords are maintained through periodic meetups by the Company's business development and operations team to review on performance and feedback as landlords are important to the Group's sustainable growth. The Group places great emphasis on landlord's feedbacks and suggestions on improvements and endeavours to deal with all such feedbacks appropriately and timeliness is of essence.

CORPORATE GOVERNANCE

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

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

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

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

Key information regarding the Directors are set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Relationships with directors, the Company or shareholders who holds 10% and above	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Pang Lim	15 November 2017	24 April 2019	Mr. Pang is a substantial shareholder and the spouse of Mdm. Ng Hoon Tien, the Executive Director and substantial shareholder of the Company	Nil	Nil
Ng Hoon Tien	15 November 2017	To be re-elected at the forthcoming AGM	Mdm. Ng is a substantial shareholder and the spouse of Mr Pang Lim, the Executive Chairman and Chief Executive Officer as well as the substantial shareholder of the Company	Nil	Nil
Yu Lai Boon	28 June 2018	24 April 2019	Nil	**Other Principal Commitment:** None Listed Companies 1. TSH Corporation Ltd	Nil
Tan Huay Lim	28 June 2018	24 April 2019	Nil	**Other Principal Commitment:** None Listed Companies 1. Zheneng Jinjiang Environment Holding Company Limited 2. Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of Dasin Retail Trust (a Business Trust listed on the Singapore Stock Exchange) 3. ASL Marine Holdings Ltd 4. Elite Commercial REIT Management Pte. Ltd. (the Manager of Elite Commercial REIT, listed on the Singapore Stock Exchange)	Listed Companies 1. Auric Pacific Group Limited 2. Hong Leong Asia Ltd.

CORPORATE GOVERNANCE

Name of Director	Date of First Appointment	Date of Last Re-election	Relationships with directors, the Company or shareholders who holds 10% and above	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Hoon Tai Meng	28 June 2018	24 April 2019 (to be re-elected at the forthcoming AGM)	Nil	**Other Principal Commitment:** Senior Consultant of RHTLaw Asia LLP <u>Listed Companies</u> 1. Sin Ghee Huat Corporation Ltd 2. Pavillon Holdings Ltd 3. Hock Lian Seng Holdings Limited	<u>Listed Companies</u> 1. Chip Eng Seng Corporation Ltd

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

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

Name of Director	Ng Hoon Tien	Hoon Tai Meng
Date of Appointment	15 November 2017	28 June 2018
Date of last re-election	N.A.	N.A.
Age	53	67
Country of principal residence	Singapore	Singapore
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, who has reviewed and considered Mdm. Ng's performance as an Executive Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr. Hoon's performance as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive, responsible for the oversight of the operations of the Group. She also assist the Executive Chairman and CEO in the formulation and implementation of the Group's business strategies and F&B operations .	Non-Executive
Job Title	Executive Director	Independent Non-Executive Director, Chairman of Remuneration Committee, Member of Audit and Risk Management Committee and Nominating Committee

Professional Qualifications	Nil	Bachelor of Commerce in Accountancy from Nanyang University and Bachelor of Laws (Hons) from the University of London Fellow Member of the Institute of Singapore Chartered Accountants, Fellow Member of the Chartered Institute of Management Accountants from United Kingdom, Fellow Member of the Association of Chartered Certified Accountants from United Kingdom and Barrister-at-Law from the English Bar at Middle Temple Inn.
Working experience and occupation(s) during the past 10 years	Founder and Director of Koufu Pte. Ltd. – October 2002 to current	Partner of Withers KhattarWong LLP – June 2007 to 2011 Executive Director of Chip Eng Seng Corporation Ltd – July 2011 to June 2018 Senior Consultant of RHTLaw Asia LLP – July 2018 to current
Shareholding interest in the listed issuer and its subsidiaries	Mdm. Ng is deemed to have an interest in 428,048,800 shares of the Company held by Jun Yuan Holdings Pte. Ltd.	Mr. Hoon holds 100,000 shares of the Company
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mdm. Ng is a substantial shareholder and the spouse of Mr. Pang Lim, the Executive Chairman and CEO and substantial shareholder of the Company	None
Conflict of interest (including any competing business)	None	None
Undertaking submitted to the listed issuer in the form of Appendix 7.7 (Listing Rule 720(1))	Yes	Yes

Other Principal Commitments Including Directorships	**Present Directorship:** Koufu Pte. Ltd. 1983 F&B Pte. Ltd. Abundance Holdings Pte. Ltd. Koufu Gourmet Pte. Ltd. Delijoy Pte. Ltd. Elemen F&B Pte. Ltd. Hawker Management Pte. Ltd. Koufu F&B Investment Pte. Ltd. Super Tea (S) Pte. Ltd. Woodlands 548 Foodcourt Pte. Ltd. Grove (S) Pte. Ltd. Supertea (Int) Pte. Ltd. Jun Yuan Holdings Pte Ltd Abundance Realty Pte. Ltd. Abundance Development Pte. Ltd. Abundance Property (Hainan) Pte. Ltd. Abundance Australia Investment Pty Ltd Wellprime Pte Ltd **Past Directorship (for the past 5 years):** Nil	**Other Principal Commitment:** Senior Consultant of RHTLaw Asia LLP **Present Directorship:** Sin Ghee Huat Corporation Ltd Pavillon Holdings Ltd Hock Lian Seng Holdings Limited Cocoaorient Pte Ltd Ee Hoe Hean Club **Past Directorship (for the past 5 years):** CES Land Pte. Ltd. PH Properties Pte. Ltd. CES-West Coast Pte. Ltd. Grange Properties Pte. Ltd. CEL Unique Development Pte. Ltd. CEL Unique Pte. Ltd. CES Capital Holdings Pte. Ltd. CES Management (Vietnam) Pte. Ltd. Chip Eng Seng Construction Pte. Ltd. ACP Metal Finishing Pte. Ltd. CES-Vietnam Holdings Pte. Ltd. CES-VH Holdings Pte. Ltd. CES-NB Pte. Ltd. CES Engineering & Construction Pte. Ltd. CEL Real Estate Development Pte. Ltd. CEL-Fort Pte. Ltd. Ardille Pte. Ltd. Fernvale Development Pte. Ltd. CEL Property (M) Pte. Ltd. CEL Property Investment Pte. Ltd. CEL-Changi Pte. Ltd. CEL-Yishun (Commercial) Pte. Ltd. CEL-Yishun (Residential) Pte. Ltd. CEL Property Pte. Ltd. CES Building and Construction Pte. Ltd. CEL-Alexandra Pte. Ltd. Chip Eng Seng Corporation Ltd LGB-NB Pte. Ltd. Punggol Field EC Pte. Ltd. Pasir Ris EC Pte. Ltd. CEL Property Investment (Australia) Pte. Ltd.

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

Name of Director		Ng Hoon Tien	Hoon Tai Meng
Questions:			
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when 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?	No	No
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(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
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-			
	(i)	any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	The Company and its subsidiaries ("Group") are subject to various laws and regulations governing its day-to-day operations. The Group has, among others, been issued warnings or been subject to financial penalties arising from breaches of these laws and regulations governing its day-to-day operations.	No

	(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,	No	No
	in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		No	No
	Any prior experience as a director of an issuer listed on the Exchange?		No	Yes
	If yes, please provide details of prior experience.		N.A.	Sin Ghee Huat Corporation Ltd Pavillon Holdings Ltd Chip Eng Seng Corporation Ltd
	If no, please state if the director has attended or will be attending training on the roles and responsibilities of a listed issuer as prescribed by the Exchange.		Has attended SID training in 2018	N.A.
	Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		N.A.	N.A.

DIRECTORS' STATEMENT

Year ended 31 December 2019

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2019.

In our opinion:

(a) the financial statements set out on pages 70 to 147 are drawn up so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, Singapore Financial Reporting Standards (International) and International Financial Reporting Standards; and

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

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

DIRECTORS

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

Mr. Pang Lim
Mdm. Ng Hoon Tien
Dr. Yu Lai Boon
Mr. Tan Huay Lim
Mr. Hoon Tai Meng

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Mr. Pang Lim		
Koufu Group Limited		
– ordinary shares		
– deemed interests	435,048,800	428,048,800

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Mr. Pang Lim		
Immediate and ultimate holding company		
Jun Yuan Holdings Pte Ltd		
– ordinary shares		
– interest held	10,000	10,000
Mdm. Ng Hoon Tien		
Koufu Group Limited		
– ordinary shares		
– deemed interests	435,048,800	428,048,800
Immediate and ultimate holding company		
Jun Yuan Holdings Pte Ltd		
– ordinary shares		
– interest held	10,000	10,000
Dr. Yu Lai Boon		
Koufu Group Limited		
– ordinary shares		
– interest held	100,000	100,000
Mr. Tan Huay Lim		
Koufu Group Limited		
– ordinary shares		
– deemed interests	100,000	100,000
Mr. Hoon Tai Meng		
Koufu Group Limited		
– ordinary shares		
– interest held	100,000	100,000

By virtue of Section 7 of the Act, Mr. Pang Lim and Mdm. Ng Hoon Tien are deemed to have interests in all the subsidiaries of the Company at the beginning and at the end of the financial year.

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

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2020.

Except as disclosed under the "Share plans" section of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE PLANS

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

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

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

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

No awards have been granted to directors of the Company.

During the financial year, there were:

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

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

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

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

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

DIRECTORS' STATEMENT

Year ended 31 December 2019

The Audit and Risk Management Committee also reviewed the following:

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

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Pang Lim
Director

Ng Hoon Tien
Director

27 March 2020

INDEPENDENT AUDITORS' REPORT

Members of the Company
Koufu Group Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Koufu Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 70 to 147 .

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF PROPERTY, PLANT AND EQUIPMENT

(Refer to note 4 to the financial statements)

Risk

Management regularly reviews the performance of the food courts, coffee shops, quick-service restaurants, hawker centres and central kitchen (the "outlets") to determine if there were any impairment indicators on the related property, plant and equipment. For this purpose, each outlet is a separate cash generating unit ("CGU"). Impairment indicators were identified for those outlets that had recurring losses. For these outlets, management performed an impairment assessment and recognised impairment loss of $1,077,000 during the year.

The impairment loss was calculated based on the value in use of the outlet by discounting its estimated future cash flows from operations.

The determination of the value in use involves judgement in estimating the future cash flows and using the appropriate discount rate.

Our response

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

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

Our findings

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

Other information

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

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

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

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

Responsibilities of management and directors for the financial statements

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

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

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

Members of the Company
Koufu Group Limited

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement partner on the audit resulting in this independent auditors' report is Tan Khai Boon.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2020

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2019

	Note	Group 2019 $'000	Group 2018 $'000*	Company 2019 $'000	Company 2018 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**209,989**	21,383	**–**	–
Lease prepayment	5	**–**	3,658	**–**	–
Intangible assets	6	**150**	143	**1**	1
Investment properties	7	**19,867**	13,765	**–**	–
Subsidiaries	8	**–**	–	**1,000**	1,000
Associates and partnership	9	**–****	262	**–**	–
Other investments	10	**1,600**	1,600	**–**	–
Deferred tax assets	11	**455**	–	**–**	–
Trade and other receivables	13	**10,434**	11,329	**–**	–
Total non-current assets		**242,495**	52,140	**1,001**	1,001
Current assets					
Lease prepayment	5	**–**	130	**–**	–
Inventories	12	**1,435**	1,288	**–**	–
Trade and other receivables	13	**9,955**	10,158	**42,222**	41,374
Time deposits		**4,600**	35,000	**–**	–
Cash and cash equivalents	14	**90,396**	60,979	**13,814**	12,040
Total current assets		**106,386**	107,555	**56,036**	53,414
Total assets		**348,881**	159,695	**57,037**	54,415
LIABILITIES					
Current liabilities					
Trade and other payables	18	**41,179**	46,021	**104**	1,115
Lease liabilities	19	**63,250**	–	**–**	–
Loans and borrowings	20	**605**	411	**–**	–
Current tax liabilities		**6,019**	6,009	**247**	180
Provision for reinstatement cost	21	**1,524**	1,329	**–**	–
Total current liabilities		**112,577**	53,770	**351**	1,295
Non-current liabilities					
Trade and other payables	18	**7,369**	6,763	**–**	–
Lease liabilities	19	**117,631**	–	**–**	–
Loans and borrowings	20	**4,113**	4,364	**–**	–
Deferred tax liabilities	11	**81**	14	**–**	–
Provision for reinstatement cost	21	**4,096**	3,256	**–**	–
Total non-current liabilities		**133,290**	14,397	**–**	–
Total liabilities		**245,867**	68,167	**351**	1,295
EQUITY					
Share capital	15	**44,961**	44,961	**44,961**	44,961
Treasury shares	16	**(240)**	–	**(240)**	–
Foreign currency translation reserve	17	**(389)**	(287)	**–**	–
Retained earnings		**57,953**	46,737	**11,965**	8,159
Equity attributable to owners of the Company		**102,285**	91,411	**56,686**	53,120
Non-controlling interest		**729**	117	**–**	–
Total equity		**103,014**	91,528	**56,686**	53,120
Total equity and liabilities		**348,881**	159,695	**57,037**	54,415

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

** Less than $1,000

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000*
Revenue	22	**237,507**	223,840
Other income	23	**5,723**	5,331
Cost of inventories consumed		**(36,917)**	(35,063)
Staff costs		**(39,901)**	(36,894)
Depreciation of investment properties and property, plant and equipment		**(76,551)**	(11,851)
Property rentals and related expenses		**(42,520)**	(105,073)
Distribution and selling expenses		**(806)**	(2,020)
Administrative expenses		**(5,011)**	(6,278)
Impairment loss on trade receivables		**(247)**	(325)
Other operating expenses		**(3,957)**	(2,621)
Results from operating activities		**37,320**	29,046
Finance income	24	**851**	424
Finance costs	24	**(4,433)**	(280)
Net finance (costs)/income		**(3,582)**	144
Share of profit of associates and partnership, net of tax	9	**220**	241
Profit before tax		**33,958**	29,431
Tax expense	25	**(6,122)**	(4,955)
Profit for the year	26	**27,836**	24,476
Profit attributable to:			
Owners of the Company		**27,688**	24,509
Non-controlling interest		**148**	(33)
Profit for the year		**27,836**	24,476
Earnings per share			
Basic and diluted earnings per share (cents)	27	**4.99**	4.75

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 $'000	2018 $'000*
Profit for the year	**27,836**	24,476
Other comprehensive income, net of tax		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences – foreign operations	**(102)**	108
Total other comprehensive income for the year	**(102)**	108
Total comprehensive income for the year	**27,734**	24,584
Total comprehensive income attributable to:		
Owners of the Company	**27,586**	24,617
Non-controlling interest	**148**	(33)
Total comprehensive income for the year	**27,734**	24,584

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Attributable to owners of the Company					
		Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group							
At 1 January 2018		1,000	(395)	42,361	42,966	150	43,116
Total comprehensive income for the year							
Profit for the year		–	–	24,509	24,509	(33)	24,476
Other comprehensive income							
Foreign currency translation differences		–	108	–	108	–	108
Total other comprehensive income		–	108	–	108	–	108
Total comprehensive income for the year		–	108	24,509	24,617	(33)	24,584
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Issuance of new shares pursuant to initial public offering ("IPO")		45,462	–	–	45,462	–	45,462
IPO transaction costs deducted from equity[1]		(1,501)	–	–	(1,501)	–	(1,501)
Dividends paid	15(b)	–	–	(18,052)	(18,052)	–	(18,052)
Distribution of profits to the then-existing owners of sole-proprietorships and partnership	15(b)	–	–	(2,081)	(2,081)	–	(2,081)
Total contributions by and distributions to owners		43,961	–	(20,133)	23,828	–	23,828
Total transactions with owners		43,961	–	(20,133)	23,828	–	23,828
At 31 December 2018		44,961	(287)	46,737	91,411	117	91,528

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Attributable to owners of the Company						
		Share capital $'000	Treasury shares $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group								
At 1 January 2019		44,961	–	(287)	46,737	91,411	117	91,528
Adjustment on initial application of SFRS(I) 16 (net of tax)*	2.5	–	–	–	(4,262)	(4,262)	(6)	(4,268)
Adjusted balance at 1 January 2019		44,961	–	(287)	42,475	87,149	111	87,260
Total comprehensive income for the year								
Profit for the year		–	–	–	27,688	27,688	148	27,836
Other comprehensive income								
Foreign currency translation differences		–	–	(102)	–	(102)	–	(102)
Total other comprehensive income		–	–	(102)	–	(102)	–	(102)
Total comprehensive income for the year		–	–	(102)	27,688	27,586	148	27,734
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid	15(b)	–	–	–	(12,210)	(12,210)	–	(12,210)
Purchase of treasury shares	16	–	(240)	–	–	(240)	–	(240)
Total contributions by and distributions to owners		–	(240)	–	(12,210)	(12,450)	–	(12,450)
Change in ownership interests in subsidiaries								
Incorporation of subsidiary		–	–	–	–	–	4	4
Issuance of new shares to non-controlling interest of subsidiary		–	–	–	–	–	200	200
Non-controlling interest arising from acquisition of subsidiary	33	–	–	–	–	–	266	266
Total change in ownership interests in subsidiaries		–	–	–	–	–	470	470
Total transactions with owners		–	(240)	–	(12,210)	(12,450)	470	(11,980)
At 31 December 2019		44,961	(240)	(389)	57,953	102,285	729	103,014

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000*
Cash flows from operating activities			
Profit for the year		**27,836**	24,476
Adjustments for:			
Amortisation of intangible assets		**59**	77
Amortisation of lease prepayment		**–**	108
Bad trade receivables written off		**–**	12
Depreciation of investment properties		**5,134**	610
Depreciation of property, plant and equipment		**71,417**	11,241
Finance costs		**4,433**	280
Finance income		**(851)**	(424)
Loss/(Gain) on disposal of property, plant and equipment		**120**	(296)
Gain on acquisition of subsidiary		**(5)**	–
Gain on lease modification		**(99)**	–
Impairment loss on intangible assets		**–**	1
Impairment loss on property, plant and equipment		**1,077**	1,017
Impairment loss on trade receivables, net		**247**	325
Reversal of impairment loss on investment properties		**(86)**	(485)
Share of profit of associates and partnership		**(220)**	(241)
Write off of property, plant and equipment		**101**	263
Tax expense		**6,122**	4,955
		115,285	41,919
Changes in:			
Inventories		**(137)**	7
Trade and other receivables		**834**	(130)
Trade and other payables		**184**	(2,918)
Cash generated from operations		**116,166**	38,878
Tax paid		**(6,063)**	(5,637)
Net cash generated from operating activities		**110,103**	33,241
Cash flows from investing activities			
Net investments in associates		**221**	85
Acquisition of subsidiary	33	**1,135**	–
Interest received		**793**	387
Payment for lease prepayment		**–**	(3,466)
Proceeds from disposal of property, plant and equipment		**513**	755
Purchase of:			
– intangible assets		**(66)**	(41)
– investment property		**–**	(3,900)
– property, plant and equipment		**(26,903)**	(15,053)
Withdrawal of/(Placement of) time deposits with bank		**30,400**	(35,000)
Net cash generated from/(used in) investing activities		**6,093**	(56,233)

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 $'000	2018 $'000*
Cash flows from financing activities			
Capital contribution from non-controlling interest		**204**	–
Distribution of profits to the then-existing owners of sole-proprietorships and partnership		**–**	(2,081)
Dividends paid to equity holders of the Company		**(12,210)**	(18,052)
Interest paid		**(4,301)**	(246)
Payment of IPO transaction costs		**–**	(3,046)
Payment of lease liabilities		**(64,447)**	–
Proceeds from issuance of new shares pursuant to IPO		**–**	45,462
Proceeds from loan from fellow subsidiary of immediate and ultimate holding company		**–**	6,578
Proceeds from loans and borrowings		**520**	3,380
Purchase of treasury shares		**(240)**	–
Repayment of loan from fellow subsidiary of immediate and ultimate holding company		**(5,705)**	(763)
Repayment of loans and borrowings		**(577)**	(362)
Net cash (used in)/generated from financing activities		**(86,756)**	30,870
Net increase in cash and cash equivalents		**29,440**	7,878
Cash and cash equivalents at 1 January		**60,979**	53,043
Effect of exchange rate fluctuations on cash held		**(23)**	58
Cash and cash equivalents at 31 December	14	**90,396**	60,979

* See note 2.5. The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2020.

1. DOMICILE AND ACTIVITIES

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

The financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

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

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

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

1.1 The restructuring exercise

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

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

Acquisition of subsidiary, sole proprietorships and partnership

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

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

The above acquisitions were collectively determined as the restructuring exercise.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

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

2. BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

Measurement of fair values

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

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

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

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

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

- Note 7 – investment properties
- Note 30 – financial risk management

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

New standards and amendments (Continued)

SFRS(I) 16 *Leases* (Continued)

As a lessee

As a lessee, the Group leases various food court, coffee shop, quick-service restaurant, hawker centre and central kitchen premises. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if SFRS(I) 16 had been applied since the commencement date, discounted using the applicable incremental borrowing rate at the date of initial application.

The Group has tested its right-of-use assets for impairment on the date of transition and has recorded an impairment adjustment of $553,000 against the right-of-use assets.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application; and
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment).

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to SFRS(I) 16 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under SFRS(I) 1-17, the head lease and sub-lease contracts were classified as operating leases. On transition to SFRS(I) 16, the right-of-use assets recognised from the head leases are presented in property, plant and equipment and investment properties, and measured at cost less accumulated depreciation and accumulated impairment losses at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under SFRS(I) 16.

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in accounting policies (Continued)

New standards and amendments (Continued)

SFRS(I) 16 *Leases* (Continued)

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets, including investment property, and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019 $'000
Right-of-use assets – property, plant and equipment	121,935
Right-of-use assets – investment property	2,494
Lease prepayment	(3,788)
Deferred tax assets	628
Trade and other payables	2,586
Lease liabilities	(128,123)
Retained earnings	4,262
Non-controlling interest	6

* For the impact of SFRS(I) 16 on profit or loss for the period, see note 31. For the impact of SFRS(I) 16 on segment information, see note 28. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see note 3.7.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted-average rate applied is 3 %.

	1 January 2019 $'000
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	172,692
– Committed leases not yet commenced	(39,213)
– Effects of recognising accounting expenses on a straight-line basis over the lease term for leases with step-rent provisions	2,586
– Not a lease under SFRS(I) 16	(212)
	135,853
Discounted using the incremental borrowing rate at 1 January 2019	127,501
– Recognition exemption for leases with less than 12 months of lease term at transition	(180)
– Non-lease components	802
Lease liabilities recognised at 1 January 2019	128,123

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

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

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

(iii) Acquisitions from entities under common control

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

(iv) Loss of control

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(vi) Transactions eliminated on consolidation

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

(vii) Subsidiaries and associate in the separate financial statements

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

(ii) Foreign operations

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency (Continued)

(ii) Foreign operations (Continued)

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

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

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

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

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

(ii) Subsequent costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Property, plant and equipment (Continued)

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

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

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

Leasehold properties	20 – 30 years
Right-of-use assets	1 – 30 years
Renovation	3 years
Furniture and fittings, office equipment and computers	1 – 3 years
Plant and machinery	3 – 5 years
Kitchen equipment	3 years
Motor vehicles	5 years

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

3.4 Investment properties

(i) Recognition and measurement

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Investment properties (Continued)

(ii) Depreciation

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of investment properties.

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

The estimated useful life of the investment properties is 17 – 30 years, and that of the right-of-use assets is 3 years.

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

(iii) Transfers

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

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

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

3.5 Intangible asset

(i) Computer software and trademark

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

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

(ii) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible asset (Continued)

(iii) Amortisation

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

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

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

Trademark	10 years
Computer software	3 years

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

3.6 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

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

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

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

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

Financial assets at amortised cost

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets (Continued)

Financial assets at FVTPL

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

Financial assets: Business model assessment

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

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

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

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

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

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

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

Financial assets at amortised cost

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(ii) Classification and subsequent measurement (Continued)

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

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

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Financial instruments (Continued)

(v) Cash and cash equivalents

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

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

Repurchases, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

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

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

Policy applicable from 1 January 2019 (Continued)

(i) As a lessee (Continued)

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

- fixed payments, including in-substance fixed payments; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment" and lease liabilities in "lease liabilities" in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

Policy applicable from 1 January 2019 (Continued)

(ii) As a lessor (Continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of "revenue". Rental income from sub-leased property is recognised as "revenue".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Leases – Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Leases (Continued)

Leases – Policy applicable before 1 January 2019 (Continued)

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognised as "revenue" on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognised as "revenue".

3.8 Impairment

(i) Non-derivative financial assets

The group recognises loss allowances for ECLs on:

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Simplified approach

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

General approach

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

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

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

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

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

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

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(i) Non-derivative financial assets (Continued)

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

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

Write-off

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

(ii) Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Impairment (Continued)

(ii) Non-financial assets (Continued)

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

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

3.9 Inventories

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

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

3.10 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

3.11 Provisions

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Provisions (Continued)

(i) Reinstatement costs

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

(ii) Onerous contracts

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

3.12 Revenue

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

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

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

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

(i) Income from food court operations and commercial establishment

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

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

(ii) Sales of food and beverages

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Renovation income

Renovation fee charged to stall operators of the Group's food courts, coffee shops and hawker centre is recognised as income on a straight-line basis over the lease term, or a shorter period, depending on the extent of renovation works performed.

3.14 Government grants

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

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

3.15 Finance income and finance costs

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Tax

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

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

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Earnings per share

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

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

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

3.19 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of associates and partnership and income taxes.

3.20 New standards and interpretation not adopted

A number of new standards, interpretations and amendments to standards are effective for annual period beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- SFRS(I) 17 *Insurance Contracts*

4. PROPERTY, PLANT AND EQUIPMENT

"Property, plant and equipment" comprise owned and leased assets that do not meet the definition of investment property.

	Note	2019 $'000
Group		
Property, plant and equipment owned		**39,763**
Right-of-use assets, except for investment property	31	**170,226**
		209,989

Property, plant and equipment owned

	Note	Leasehold properties $'000	Renovation $'000	Furniture and fittings, office equipment and computers $'000	Plant and machinery $'000	Kitchen equipment $'000	Motor vehicles $'000	Total $'000
Group								
Cost								
At 1 January 2018		4,130	40,568	37,074	2,035	4,119	3,418	91,344
Additions		–	8,426	5,196	101	490	256	14,469
Write-off		–	(1,970)	(1,618)	–	(116)	(108)	(3,812)
Disposal		–	(1,266)	(1,231)	–	(374)	(40)	(2,911)
Reinstatement cost		–	998	–	–	–	–	998
Effect of movements in exchange rates		–	197	51	–	4	–	252
At 31 December 2018		4,130	46,953	39,472	2,136	4,123	3,526	100,340
At 1 January 2019		**4,130**	**46,953**	**39,472**	**2,136**	**4,123**	**3,526**	**100,340**
Acquisition of subsidiary	33	**–**	**62**	**51**	**–**	**–***	**–**	**113**
Additions		**3,145**	**20,930**	**4,012**	**77**	**689**	**457**	**29,310**
Write-off		**–**	**(3,579)**	**(3,545)**	**–**	**(206)**	**(28)**	**(7,358)**
Disposal		**–**	**(129)**	**(1,163)**	**–**	**(48)**	**(307)**	**(1,647)**
Reinstatement cost		**–**	**1,336**	**–**	**–**	**–**	**–**	**1,336**
Effect of movements in exchange rates		**–**	**(79)**	**(20)**	**–**	**(2)**	**–**	**(101)**
At 31 December 2019		**7,275**	**65,494**	**38,807**	**2,213**	**4,556**	**3,648**	**121,993**

* Less than $1,000

4. **PROPERTY, PLANT AND EQUIPMENT** (CONTINUED)

Property, plant and equipment owned (Continued)

	Leasehold properties $'000	Renovation $'000	Furniture and fittings, office equipment and computers $'000	Plant and machinery $'000	Kitchen equipment $'000	Motor vehicles $'000	Total $'000
Group							
Accumulated depreciation and impairment loss							
At 1 January 2018	1,895	34,850	29,473	1,015	3,079	2,146	72,458
Depreciation for the year	165	4,881	4,767	374	573	481	11,241
Impairment loss	–	274	538	64	130	11	1,017
Write-off	–	(1,833)	(1,513)	–	(96)	(107)	(3,549)
Disposal	–	(1,072)	(1,011)	–	(329)	(40)	(2,452)
Effect of movements in exchange rates	–	190	50	–	2	–	242
At 31 December 2018	2,060	37,290	32,304	1,453	3,359	2,491	78,957
At 1 January 2019	**2,060**	**37,290**	**32,304**	**1,453**	**3,359**	**2,491**	**78,957**
Depreciation for the year	**163**	**5,679**	**4,325**	**355**	**569**	**504**	**11,595**
Impairment loss	**–**	**23**	**24**	**–**	**–***	**–**	**47**
Write-off	**–**	**(3,506)**	**(3,516)**	**–**	**(206)**	**(29)**	**(7,257)**
Disposal	**–**	**(128)**	**(556)**	**–**	**(45)**	**(284)**	**(1,013)**
Effect of movements in exchange rates	**–**	**(77)**	**(20)**	**–**	**(2)**	**–**	**(99)**
At 31 December 2019	**2,223**	**39,281**	**32,561**	**1,808**	**3,675**	**2,682**	**82,230**
Carrying amounts							
At 1 January 2018	2,235	5,718	7,601	1,020	1,040	1,272	18,886
At 31 December 2018	2,070	9,663	7,168	683	764	1,035	21,383
At 31 December 2019	**5,052**	**26,213**	**6,246**	**405**	**881**	**966**	**39,763**

* Less than $1,000

Company

As at 31 December 2019 and 2018, the Company did not hold any property, plant and equipment.

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment losses on property, plant and equipment

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

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

	2019	**2018**
	%	**%**
Group		
Pre-tax discount rate	**6.1**	9.6
Food & Beverage ("F&B") revenue growth rate	**1.7**	1.5
F&B sales gross profit margin	**50.0 –73.0**	47.0 – 76.0
Rental occupancy growth rate	**10.0 –33.0**	10.0 – 40.0

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

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

In 2019, the Group assessed the recoverable amount of the CGUs which are loss making and determined that six (2018: seven) CGUs are not expected to have any recoverable amount, or with carrying amount exceeding its recoverable amount. Accordingly, an impairment loss of $1,077,000 (2018: $1,017,000) was recognised in "other operating expenses".

Depreciation

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

5. LEASE PREPAYMENT

	Group $'000
Cost	
At 1 January 2018	–
Additions	3,896
At 31 December 2018	3,896
At 1 January 2019	**3,896**
Reclassification to right-of-use asset on initial application of SFRS(I) 16	**(3,896)**
Adjusted balance at 1 January 2019 and at 31 December 2019	**–**
Accumulated amortisation	
At 1 January 2018	–
Amortisation during the year	108
At 31 December 2018	108
At 1 January 2019	**108**
Reclassification to right-of-use asset on initial application of SFRS(I) 16	**(108)**
Adjusted balance at 1 January 2019 and at 31 December 2019	**–**
Carrying amounts	
At 1 January 2018	–
At 31 December 2018	3,788
At 31 December 2019	**–**

	Group	
	2019 $'000	**2018 $'000**
Non-current	**–**	3,658
Current	**–**	130
	–	3,788

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

On adoption of SFRS(I) 16 on 1 January 2019, the lease prepayment was reclassified to right-of-use assets presented as property, plant and equipment.

6. INTANGIBLE ASSETS

	Computer software $'000
Group	
Cost	
At 1 January 2018	639
Additions	41
At 31 December 2018	680
At 1 January 2019	**680**
Additions	**66**
Write-off	**(3)**
At 31 December 2019	**743**
Accumulated amortisation	
At 1 January 2018	459
Amortisation during the year	77
Impairment loss	1
At 31 December 2018	537
At 1 January 2019	**537**
Amortisation during the year	**59**
Write-off	**(3)**
At 31 December 2019	**593**
Carrying amounts	
At 1 January 2018	180
At 31 December 2018	143
At 31 December 2019	**150**
Company	
Cost	
At 15 November 2017 (date of incorporation)	–
Additions	1
At 31 December 2018 and 31 December 2019	**1**
Accumulated amortisation	
At 15 November 2017 (date of incorporation)	–
Amortisation during the period	–*
At 31 December 2018	–*
At 1 January 2019	**–***
Amortisation during the year	**–***
At 31 December 2019	**–***
Carrying amounts	
At 15 November 2017 (date of incorporation)	–
At 31 December 2018	1
At 31 December 2019	**1**

* Less than $1,000

7. INVESTMENT PROPERTIES

"Investment properties" comprise owned and leased assets.

	Note	2019 $'000
Group		
Investment properties owned		**13,015**
Right-of-use assets	31	**6,852**
		19,867

	Investment properties owned $'000
Cost	
At 1 January 2018	12,055
Additions	3,900
At 31 December 2018 and 31 December 2019	**15,955**
Accumulated depreciation	
At 1 January 2018	2,065
Depreciation for the year	610
Reversal of impairment loss	(485)
At 31 December 2018	2,190
At 1 January 2019	**2,190**
Depreciation for the year	**836**
Reversal of impairment loss	**(86)**
At 31 December 2019	**2,940**
Carrying amounts	
At 1 January 2018	9,990
At 31 December 2018	13,765
At 31 December 2019	**13,015**

	Group	
	2019 $'000	2018 $'000
Statement of comprehensive income		
Revenue	**11,337**	677
Property rentals and related expenses	**2,193**	240

7. INVESTMENT PROPERTIES (CONTINUED)

Details of properties held by the Group as at 31 December 2019 were as follows:

Description	Location	Tenure/ Unexpired term
An eating house with outdoor refreshment area on the 1st storey of a 4-storey HDB commercial block	18 Jalan Membina #01-01 Singapore 164018	30-year lease commencing 1 May 2002
Industrial canteen located on the 1st storey of a 9-storey multiple-user ramp-up light and general industrial development	1 Tampines North Drive 1 #01-34 T-Space Singapore 528559	30-year lease commencing 20 March 2015
Six-storey commercial mall	168 Punggol Field Singapore 820168	2-year lease commencing 1 August 2019

The eating house at 18 Jalan Membina, the industrial canteen at 1 Tampines North and the commercial mall at 168 Punggol Field are held for rental mainly to external customers under operating leases. Each of the lease contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are renegotiated with the lessees.

Security

Certain investment properties of the Group are mortgaged to banks to secure credit facilities as disclosed in note 20.

Measurement of recoverable amount

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

Measurement of fair value

Management has determined the fair value of investment properties of the Group to be $27,660,000 (2018: $13,700,000) as at 31 December 2019.

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

The fair value is based on open market valuation using capitalisation method or discounted cash flow method (2018: comparable sales method). It is an estimated amount for which a property could be exchanged on the date or valuation between a willing buyer and a willing seller in an arm's length transaction. The fair value measurement has been categorised as a Level 3 fair value based on the inputs in the valuation technique used.

The capitalisation method capitalises the estimated net income of the property for perpetuity or the balance term of the lease tenure at a capitalisation rate that is appropriate for the type of use, tenure and reflective of the quality of the investment. Capital adjustments are then made to derive the capital value of the property.

7. **INVESTMENT PROPERTIES** (CONTINUED)

Measurement of fair value (Continued)

The discounted cash flow method involves the estimation and projection of net cash flows over a period and discounting the stream of net cash flow (including estimated terminal net cash flow) at an estimated required rate of return to arrive at the net present value.

The comparable sales method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties of the Group.

Based on the independent professional valuations undertaken in 2019, a reversal of impairment loss of $86,000 (2018: $485,000) was recognised.

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

8. **SUBSIDIARIES**

	Company	
	2019	2018
	$'000	$'000
Unquoted equity shares, at cost	**1,000**	1,000

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

As at 31 December 2019, the subsidiaries and sole-proprietorships of the Group are as follows:

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group	
			2019	**2018**
			%	**%**
Koufu Pte Ltd[1]	Management and operation of food courts and commercial establishments, sales of food and beverage, and investment holding	Singapore	**100**	100
Subsidiaries of Koufu Pte Ltd				
1983 F&B Pte. Ltd.[1]	Management and operation of retail outlets	Singapore	**100**	100
Abundance Holdings Pte. Ltd.[1]	Management and operation of commercial establishments	Singapore	**100**	100
Elemen F&B Pte. Ltd.[1]	Operations of restaurants and cafes	Singapore	**100**	100

8. SUBSIDIARIES (CONTINUED)

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2019 %	2018 %
Subsidiaries of Koufu Pte Ltd (Continued)				
Grove (S) Pte. Ltd.[1,6]	Operations of cafes and retail outlets	Singapore	**100**	–
Happy Hawkers Limited[4]	Social enterprise	Singapore	**–**	–
Hawker Management Pte. Ltd.[1]	Management and operation of hawker centre	Singapore	**100**	100
Jurong West HC (637) LLP[3,12]	Operation of retail outlets	Singapore	**70**	70
Koufu F&B Investment Pte. Ltd.[1]	Investment holding	Singapore	**100**	100
Koufu Gourmet Pte. Ltd.[1]	Processing of food products	Singapore	**100**	100
Koufu Macau Limited[2]	Management and operation of food courts and retail outlets	Macau	**100**	100
Koufu (HK) Limited[3,5]	Management and operation of food courts	Hong Kong	**100**	100
Super Tea (S) Pte. Ltd.[1,12]	Operation of retail outlets	Singapore	**60**	60
Supertea (Int) Pte. Ltd.[1,7,12]	Leasing of intangible assets	Singapore	**60**	–
Woodlands 548 Foodcourt Pte Ltd[1,12]	Management and operation of food courts	Singapore	**50***	–
Subsidiary of Koufu Gourmet Pte. Ltd.				
Delijoy Pte Ltd[1]	Processing of food products and management and operation of retail outlets	Singapore	**100**	100
Subsidiaries of Super Tea (S) Pte. Ltd.				
R&B (Macau) Ltd[3,12]	Operation of retail outlets	Macau	**60**	60
Supertea R&B (Malaysia) Sdn Bhd[2,8,12]	Operation of retail outlets	Malaysia	**60**	–
PT Super Tea Indonesia[9,12]	Operation of retail outlets	Indonesia	**55**	–

8. **SUBSIDIARIES** (CONTINUED)

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2019 %	2018 %
Sole-proprietorships				
Eastlink Food Court[3,10,11]	Letting and operating of coffee shops (with mainly rental income)	Singapore	–	–
Hiap Ho Eating House[3,11]	Letting and operating of coffee shops (with mainly rental income)	Singapore	–	–
Win Lai Eating House[3,10,11]	Letting and operating of coffee shops (with mainly rental income)	Singapore	–	–

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

1 Audited by KPMG LLP, Singapore
2 Audited by other member firms of KPMG International
3 Not required to be audited in accordance with the laws of country of incorporation
4 This subsidiary was struck off on 7 May 2018
5 This subsidiary was incorporated on 22 August 2018
6 This subsidiary was incorporated on 11 April 2019
7 This subsidiary was incorporated on 30 May 2019
8 This subsidiary was incorporated on 3 June 2019
9 This subsidiary was incorporated on 30 December 2019
10 These sole-proprietorships operate one coffee shop each
11 These coffee shops under sole-proprietorships are held in trust by third parties on behalf of the shareholder of Jun Yuan. As the shareholder has control over the two coffee shops and receives substantially all of the returns related to the operations, the two coffee shops have been accounted as a combination of business under common control by the Group. On 1 March 2018, the Group acquired the business, assets and liabilities of the sole-proprietorships (see note 1.1).
12 These subsidiaries have non-controlling interests that are not material to the Group.
* On 1 August 2019, the Group's equity interest in Woodlands 548 Foodcourt Pte Ltd increased from 49% to 50% and was accounted for as a subsidiary from that date (see note 33).

9. ASSOCIATES AND PARTNERSHIP

	Group 2019 $'000	Group 2018 $'000
Interests in associates and partnership	**–****	262

Name of associate and partnership	Principal activities	County of incorporation	Effective equity interest held by the Group 2019 %	Effective equity interest held by the Group 2018 %
Associate of Koufu Pte Ltd				
Woodlands 548 Foodcourt Pte Ltd[1]	Management and operation of food courts	Singapore	**–***	49
Associate of 1983 F&B Pte. Ltd.				
1983 Taste of Nanyang (Shanghai) Co., Ltd. (食久似誼(上海)餐飲管理有限公司)[2]	Management and operation of retail outlets	China	**–**	–
Associate of Koufu F&B Investment Pte. Ltd.				
Hock Kee F&B Pte Ltd[3, 6]	Operation of retail outlets	Singapore	**30**	30
Partnership				
Viva Foodcourt[4,5]	Operation of retail outlets	Singapore	**–**	–

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

1 Audited by KPMG LLP, Singapore
2 This associate was disposed in 2018.
3 Not required to be audited in accordance with the laws of country of incorporation
4 This partnership operates one coffee shop.
5 The shareholder of Jun Yuan has joint control in a partnership via 49% ownership interest. The ownership interest is held in trust by a third party on behalf of the shareholder of Jun Yuan. As the Group has significant influence over the partnership and 49% interest in its net assets and liabilities, the Group has accounted for the partnership using the equity method. On 1 April 2018, the Group acquired the business, assets and liabilities of the partnership (see note 1.1).
6 The associate is in the process of being struck off.
* On 1 August 2019, the Group's equity interest in Woodlands 548 Foodcourt Pte Ltd increased from 49% to 50% and was accounted for as a subsidiary from that date (see note 33).

9 ASSOCIATES AND PARTNERSHIP (CONTINUED)

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

	Group 2019 $'000	Group 2018 $'000
Group's interests in net assets of associates and partnership at 1 January	**262**	401
Group's share of profit for the year	**220**	241
Addition during the year	**–**	–**
Disposed during the year	**(221)**	(85)
Carrying amount of interest in associate acquired as subsidiary	**(261)**	–
Distribution of profits to the then-existing owners of partnership	**–**	(295)
Carrying amount of interest in associates and partnership at 31 December	**–****	262

** Less than $1,000

10. OTHER INVESTMENTS

	Group 2019 $'000	Group 2018 $'000
Financial asset – at FVTPL	**1,600**	1,600

Financial assets at FVTPL relate to the placement of structured deposit with the bank. It has a stated interest rate of 2.05% (2018: 2.05%) per annum and matures in 2022.

11. DEFERRED TAX ASSETS/(LIABILITIES)

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

	At 1 January 2018 $'000	Recognised in profit or loss (note 25) $'000	Exchange difference $'000	At 31 December 2018 $'000	At 1 January 2019** $'000	Recognised in profit or loss (note 25) $'000	Exchange difference $'000	At 31 December 2019 $'000
Group								
Deferred tax assets/ (liabilities)								
Property, plant and equipment	(14)	–	–*	(14)	**614**	**(240)**	**–***	**374**

* Less than $1,000

** The balance at 1 January 2019 includes the effect of initially applying SFRS(I) 16 (see note 2.5).

12. INVENTORIES

	Group 2019 $'000	Group 2018 $'000
Food and beverages	**1,007**	950
Consumable materials	**428**	338
	1,435	1,288

In 2019, inventories of $36,917,000 (2018: $35,063,000) were recognised as an expense during the year and included in "cost of inventories consumed".

13. TRADE AND OTHER RECEIVABLES

	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current				
Prepayments	**11**	78	**–**	–
Rental deposits placed with landlords	**10,423**	11,251	**–**	–
	10,434	11,329	**–**	–
Current				
Trade receivables				
– third parties	**1,271**	1,295	**–**	–
– subsidiary	**–**	–	**61**	375
Less: Impairment loss allowance	**(1,085)**	(1,028)	**–**	–
Net trade receivables	**186**	267	**61**	375
Non–trade amounts due from related parties				
– immediate and ultimate holding company	**–***	–	**–**	–
– subsidiary	**–**	–	**131**	5,976
– fellow subsidiary of immediate and ultimate holding company	**–**	2	**–**	–
Loan to subsidiary	**–**	–	**42,000**	35,000
Other receivables	**947**	354	**–**	–
Prepayments	**1,948**	2,983	**30**	23
Refundable receipts from landlords	**637**	582	**–**	–
Rental deposits placed with landlords and other deposits	**6,237**	5,970	**–**	–
	9,955	10,158	**42,222**	41,374
Total trade and other receivables	**20,389**	21,487	**42,222**	41,374

* Less than $1,000

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Non-trade amounts due from related parties

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

Loans to immediate and ultimate holding company and subsidiary

The loans to immediate and ultimate holding company and subsidiary are unsecured, bear an interest of 3.75% (2018: 3%) per annum and repayable on demand.

Prepayments

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

Credit and market risks, and impairment losses

The Group and the Company's exposure to credit and impairment losses for trade and other receivables, are disclosed in note 30.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**90,396**	60,979	**13,814**	12,040

Interest rates are repriceable as and when notified by the banks. The weighted average effective interest rates relating to cash and cash equivalents for the Group is 1.67% (2018: 1.66%) per annum, as at 31 December 2019.

15. SHARE CAPITAL

	Group		Company	
	No. of shares '000	**$'000**	**No. of shares '000**	**$'000**
Fully paid ordinary shares, with no par value				
At 1 January 2018/15 November 2017 (date of incorporation)	1,000	1,000	100	100
Issuance of new shares	–	–	900	900
Shares arising from share split	482,000	–	482,000	–
Issued in pursuant of IPO	72,163	45,462	72,163	45,462
IPO transaction costs deducted from equity	–	(1,501)	–	(1,501)
At 31 December 2018 and at 31 December 2019	**555,163**	**44,961**	**555,163**	**44,961**

15. SHARE CAPITAL (CONTINUED)

The Company was incorporated on 15 November 2017 with a share capital of $100,000 comprising 100,000 shares. Subsequent to 31 December 2017, the Company issued 900,000 ordinary shares pursuant to the restructuring exercise as disclosed in note 1.1.

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

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

(a) Capital management

The Group defines capital as total shareholders' equity attributable to owners of the Company excluding non-controlling interest. The primary objective of the management of the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve an optimal cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows. The Board of Directors monitors the return on capital, which the Group defines as profit attributable to equity holders of the Company divided by total shareholders' equity excluding non-controlling interest. The return on capital was 27.07% (2018: 26.81%) for year ended 31 December 2019. The Board also monitors the level of dividends paid to ordinary shareholders.

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

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

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

15. SHARE CAPITAL (CONTINUED)

(b) Dividends

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

For the year ended 31 December

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Dividends paid to the then-existing owners of sole-proprietorships and partnership	–	2,081	–	–
Dividends paid by subsidiary to the then-existing owners of subsidiary (2018: 1,250.0 cents per share)	–	12,500	–	–
Paid by the Company to owners of the Company				
1.0 cents (2018: 1.0 cents) per share, interim	**5,548**	5,552	**5,548**	5,552
2018: 1.2 cents per share, final	**6,662**	–	**6,662**	–
	12,210	18,052	**12,210**	5,552
	12,210	20,133	**12,210**	5,552

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
1.5 cents per qualifying ordinary share (2018: 1.2 cents)	**8,322**	6,662	**8,322**	6,662

16. TREASURY SHARES

	Group and Company	
	No of shares	
	'000	**$'000**
At 1 January 2019 and 1 January 2018	–	–
Purchased during the year	**349**	**240**
At 31 December 2019	**349**	**240**

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

During the financial year, the Company purchased 349,000 (2018: Nil) of its ordinary shares by way of on-market purchases. The shares, held as treasury shares, were included as deduction against shareholders' equity.

17. FOREIGN CURRENCY TRANSLATION RESERVE

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

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Non-current				
Accrued lease rental	**–**	1,079	**–**	–
Refundable rental deposit from tenants	**7,369**	5,684	**–**	–
	7,369	6,763	**–**	–
Current				
Trade payables				
– third parties	**4,563**	4,169	**–**	–
Accrued lease rental	**–**	1,473	**–**	–
Accrued operating expenses	**15,791**	15,920	**89**	880
Amount payables for purchase of property, plant and equipment	**4,803**	1,060	**–**	–
Goods and services tax payables (net)	**956**	1,205	**–**	66
Refundable receipts from tenants	**8,941**	9,736	**–**	–
Refundable rental deposits from tenants	**1,790**	2,907	**–**	–
Rental income received in advance	**27**	65	**–**	–
Other payables	**4,198**	3,646	**15**	14
Loan from fellow subsidiary of immediate and ultimate holding company	**110**	5,815	**–**	–
Non-trade amounts due to related parties				
– subsidiary	**–**	–	**–***	155
– fellow subsidiary of immediate and ultimate holding company	**–**	25	**–**	–
	41,179	46,021	**104**	1,115
Total trade and other payables	**48,548**	52,784	**104**	1,115

* Less than $1,000

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

The loan from fellow subsidiary of immediate and ultimate holding company is unsecured, with nominal interest rate per annum of 2.50% to 3.28% (2018: 2.40% - 2.92%) and repayable on demand.

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

Accrued lease rental were reclassified to lease liabilities on initial application of SFRS(I) 16.

The Group and the Company's exposure to currency risk and to liquidity risk related to trade and other payable are disclosed in note 30.

19. LEASE LIABILITIES

	Group 2019 $'000
Non-current	**117,631**
Current	**63,250**
	180,881

Liquidity risk

Information about the Group's exposure to liquidity risk is included in note 30.

Terms and repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
At 31 December 2019					
Lease liabilities	SGD	2.73% – 3.00%	2020 – 2024	**141,842**	**135,795**
Lease liabilities	Malaysian ringgit	3.00%	2022	**93**	**89**
Lease liabilities	Macanese Pataca	2.73% – 3.25%	2023 – 2026	**49,614**	**44,997**
				191,549	**180,881**

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

	Liabilities Lease liabilities $'000
Group	
Adjusted balance at 1 January 2019 *	**128,123**
Changes from financing cash flows	
Payment of lease liabilities	**(64,447)**
Interest paid	**(3,990)**
Total changes from financing cash flows	**(68,437)**
Change arising from obtaining control of subsidiary	**966**
Other changes	
Liability-related	
Lease modification/termination	**(2,470)**
Interest expense	**3,990**
New leases	**118,709**
Total liability-related other changes	**120,229**
Balance at 31 December 2019	**180,881**

* See note 2.5.

20. LOANS AND BORROWINGS

	Group 2019 $'000	Group 2018 $'000
Non-current		
Secured bank loans	**4,113**	4,364
Current		
Secured bank loans	**605**	411
	4,718	4,775

Market and liquidity risks

Information about the Group's exposure to interest rate and liquidity risks is included in note 30.

Terms and debt repayment schedule

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

	Currency	Nominal interest rate	Year of maturity	Face value $'000	Carrying amount $'000
Group					
At 31 December 2019					
Secured bank loans					
– floating rate loan	SGD	2.50% - 2.70%	2026	**4,718**	**4,718**
At 31 December 2018					
Secured bank loans					
– floating rate loan	SGD	2.20% - 2.50%	2026	4,775	4,775

The secured bank loans are secured on the following assets:

	Group 2019 $'000	Group 2018 $'000
Carrying amounts of assets		
Leasehold properties	**1,907**	2,072
Investment properties	**6,314**	6,564
	8,221	8,636

As at 31 December 2019, the bank loans are also secured by corporate guarantees issued by the Company to its subsidiary and assignment of rental proceeds in respect of certain investment properties.

20. LOANS AND BORROWINGS (CONTINUED)

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

	Liabilities		
	Loan from fellow subsidiary of immediate and ultimate holding company $'000	**Loans and borrowings $'000**	**Total $'000**
Group			
Balance at 1 January 2018	–	1,757	1,757
Changes from financing cash flows			
Proceeds from loan from fellow subsidiary of immediate and ultimate holding company	6,578	–	6,578
Proceeds from loans and borrowings	–	3,380	3,380
Repayment of loan from fellow subsidiary of immediate and ultimate holding company	(763)	–	(763)
Repayment of loans and borrowings	–	(362)	(362)
Interest paid	(172)	(74)	(246)
Total changes from financing cash flows	5,643	2,944	8,587
Other changes			
Liability-related			
Interest expense	172	74	246
Total liability-related other changes	172	74	246
Balance at 31 December 2018	5,815	4,775	10,590
Balance at 1 January 2019	**5,815**	**4,775**	**10,590**
Changes from financing cash flows			
Proceeds from loans and borrowings	**–**	**520**	**520**
Repayment of loan from fellow subsidiary of immediate and ultimate holding company	**(5,705)**	**–**	**(5,705)**
Repayment of loans and borrowings	**–**	**(577)**	**(577)**
Interest paid	**(157)**	**(154)**	**(311)**
Total changes from financing cash flows	**(5,862)**	**(211)**	**(6,073)**
Other changes			
Liability-related			
Interest expense	**157**	**154**	**311**
Total liability-related other changes	**157**	**154**	**311**
Balance at 31 December 2019	**110**	**4,718**	**4,828**

Intra-group financial guarantees

The Company has provided intra-group financial guarantees of $12,181,000 (2018: $12,181,000) to a bank for credit facilities granted to its wholly-owned subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

21. PROVISION FOR REINSTATEMENT COST

	Group 2019 $'000	Group 2018 $'000
At 1 January	**4,585**	3,847
Acquisition of subsidiary	**70**	–
Charge for the year	**1,336**	1,013
Utilised during the year	**(122)**	(136)
Reversed during the year	**(249)**	(139)
At 31 December	**5,620**	4,585
Non-current	**4,096**	3,256
Current	**1,524**	1,329
	5,620	4,585

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

22. REVENUE

	Group 2019 $'000	Group 2018 $'000
Income from food court operations and commercial establishment	**120,090**	112,317
Sales of food and beverages	**117,417**	111,523
	237,507	223,840

Disaggregation of revenue from contracts with customers

	Income from food court operations and commercial establishment		Sales of food and beverages		Total	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Primary geographical markets						
Singapore	**107,334**	100,523	**110,251**	104,003	**217,585**	204,526
Overseas	**12,756**	11,794	**7,166**	7,520	**19,922**	19,314
	120,090	112,317	**117,417**	111,523	**237,507**	223,840

22. REVENUE (CONTINUED)

Contract balances

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

	Note	Group 2019 $'000	Group 2018 $'000
Trade receivables	13	**186**	267
Rental income received in advance	18	**(27)**	(65)

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

Revenue recognised during the year that was included in rental income received in advance balance at the beginning of the year was $65,000 (2018: $10,000).

23. OTHER INCOME

	Group 2019 $'000	Group 2018 $'000
Government grants	**875**	785
Renovation income	**4,151**	3,312
Rental income from warehouse space	**114**	68
Reversal of decommissioning costs	**187**	–
Gain on lease modification	**99**	–
Sponsorship	**30**	935
Others	**267**	231
	5,723	5,331

24. NET FINANCE (COSTS)/ INCOME

	Group 2019 $'000	Group 2018 $'000*
Interest income under the effective interest method on:		
– financial asset – at FVTPL	**33**	33
– overdue trade receivables	**5**	2
– cash and cash equivalents/time deposits	**813**	345
– loan to associate	**–**	9
Accretion of discount implicit in rental deposits from tenants and rental deposits placed with landlords (net)	**–**	35
Finance income	**851**	424
Interest expense on:		
– bank loans	**(154)**	(74)
– loan from fellow subsidiary of immediate and ultimate holding company	**(157)**	(172)
– lease liabilities	**(3,990)**	–
Accretion of discount implicit in rental deposits from tenants	**(72)**	–
Foreign exchange loss (net)	**(60)**	(34)
Finance costs	**(4,433)**	(280)
Net finance (costs)/ income recognised in profit or loss	**(3,582)**	144

* The Group initially applied SFRS(I) 16 at 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially apply SFRS(I) 16 is recognised in retained earnings at the date of initial application.

25. TAX EXPENSE

	Group 2019 $'000	Group 2018 $'000
Current tax expense		
Current year	**5,244**	4,859
Under provision in respect of prior years	**638**	96
	5,882	4,955
Deferred tax expense		
Origination and reversal of temporary differences	**240**	–
Total tax expense	**6,122**	4,955
Reconciliation of effective tax rate		
Profit before tax	**33,958**	29,431
Tax using Singapore tax rate of 17% (2018: 17%)	**5,773**	5,003
Tax incentives	**(337)**	(46)
Deferred tax assets not recognised	**397**	88
Effect of tax rates in foreign jurisdictions	**(383)**	(416)
Non-deductible expenses	**700**	1,372
Under provision of current taxation in respect of prior years	**638**	96
Tax exempt income	**(666)**	(1,142)
	6,122	4,955

25. TAX EXPENSE (CONTINUED)

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

	Group	
	2019	2018
	$'000	$'000
Deductible temporary differences	**5,647**	3,159
Tax losses	**132**	281
	5,779	3,440

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

26. PROFIT FOR THE YEAR

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

	Group	
	2019	2018
	$'000	$'000
Employee benefits expense (see below)	**39,901**	36,894
Audit fees:		
– auditors of the Company	**206**	190
– other auditors	**47**	37
Non-audit fees:		
– auditors of the Company (see below)	**56**	308
– other auditors	**227**	39
Bad trade receivables written off	**–**	12
Loss/(Gain) on disposal of property, plant and equipment	**120**	(296)
Impairment loss on property, plant and equipment	**1,077**	1,017
Impairment loss on trade receivables (net)	**247**	325
Lease expenses (2018: Operating lease expenses)	**4,139**	59,905
Reversal of impairment loss on investment properties	**(86)**	(485)
Write off of property, plant and equipment	**101**	263
Employee benefits expense		
Salaries, bonuses and other costs	**37,262**	34,388
Contributions to defined contribution plans	**2,639**	2,506
	39,901	36,894
Non-audit fees paid to auditors of the Company:		
– IPO of the Company's shares	**–**	249
– deducted from equity	**–**	(35)
	–	214
– others	**56**	94
Charged to profit or loss	**56**	308

27. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2018 and 31 December 2019 was based on the profit attributable to ordinary shareholders and number of ordinary shares after the share split.

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

Profit attributable to ordinary shareholders

	Group	
	2019	**2018**
	$'000	**$'000**
Profit for the year	**27,688**	24,509

	2019	2018
	'000	'000
Issued ordinary shares at 1 January (after share split)	**555,163**	483,000
Effect of purchase of treasury shares	**(193)**	–
Effect of new shares issued pursuant to IPO	**–**	33,215
Weighted-average number of ordinary shares during the year (after share split)	**554,970**	516,215
Basic and diluted earnings per share (cents)	**4.99**	4.75

28. OPERATING SEGMENTS

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

- Outlet and mall management business

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

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

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

- Others

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

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

28. OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

	Outlet and mall management business $'000	F&B retail business $'000	Others $'000	Total $'000
Group				
31 December 2019				
External revenues	**120,090**	**117,417**	**–**	**237,507**
Inter-segment revenue	**1,578**	**–**	**684**	**2,262**
Finance income	**5**	**–**	**–**	**5**
Finance costs	**(3,744)**	**(308)**	**(381)**	**(4,433)**
Depreciation and amortisation	**(70,929)**	**(5,874)**	**(1)**	**(76,804)**
Reportable segment profit before tax	**19,609**	**24,741**	**(11,458)**	**32,892**
Other material non-cash items:				
– (Loss)/Gain on disposal of property, plant and equipment	**(145)**	**25**	**–**	**(120)**
– Write off of property, plant and equipment	**(21)**	**(80)**	**–**	**(101)**
– Gain on lease modification	**35**	**64**	**–**	**99**
– (Impairment loss)/ Reversal of impairment loss on trade receivables, net	**(259)**	**12**	**–**	**(247)**
– Reversal of impairment loss on investment properties	**86**	**–**	**–**	**86**
– Impairment loss on property, plant and equipment	**(1,034)**	**(43)**	**–**	**(1,077)**
Reportable segment assets	**233,665**	**18,313**	**1,581**	**253,559**
Capital expenditure	**26,276**	**3,034**	**–**	**29,310**
Reportable segment liabilities	**210,089**	**20,878**	**8,929**	**239,896**
31 December 2018*				
External revenues	112,317	111,523	–	223,840
Inter-segment revenue	199	–	2,469	2,668
Finance income	2	36	41	79
Finance costs	–	(6)	(274)	(280)
Depreciation and amortisation	(10,610)	(1,426)	–	(12,036)
Reportable segment profit before tax	15,683	22,565	(7,859)	30,389
Other material non-cash items:				
– Gain on disposal of property, plant and equipment	120	176	–	296
– Write off of property, plant and equipment	(64)	(199)	–	(263)
– Bad trade receivables written off	(12)	–	–	(12)
– Impairment loss on trade receivables, net	(325)	–	–	(325)
– Reversal of impairment loss on investment properties	485	–	–	485
– Impairment loss on property, plant and equipment	(1,017)	–	–	(1,017)
Reportable segment assets	58,611	3,599	1,244	63,454
Capital expenditure	20,415	1,889	2	22,306
Reportable segment liabilities	36,337	11,792	14,015	62,144

* The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see note 2.5). As a result, the Group recognised $124,429,000 of right-of-use assets and $128,123,000 of liabilities from those lease contracts. The assets and liabilities are included in the Outlet and mall management business and F&B retail business as at 31 December 2019. The Group has applied SFRS(I) 16 using the modified retrospective approach, under which comparative information is not restated (see note 2.5).

28. OPERATING SEGMENTS (CONTINUED)

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

	Group	
	2019	**2018**
	$'000	**$'000**
Revenues		
Total revenue for reportable segments	**239,769**	226,508
Elimination of inter-segment revenue	**(2,262)**	(2,668)
Consolidated revenue	**237,507**	223,840
Profit or loss before tax		
Total profit or loss before tax for reportable segments	**32,892**	30,389
Unallocated amounts:		
– Finance income	**846**	345
– IPO transaction cost	**–**	(1,544)
Share of profit of equity-accounted associate	**220**	241
Consolidated profit before tax	**33,958**	29,431
Assets		
Total assets for reportable segments	**253,559**	63,454
Investments in equity-accounted associate	**–***	262
Other unallocated amounts	**95,322**	95,979
Consolidated total assets	**348,881**	159,695
Liabilities		
Total liabilities for reportable segments	**239,896**	62,144
Other unallocated amounts	**5,971**	6,023
Consolidated total liabilities	**245,867**	68,167

* Less than $1,000

Geographical information

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

	Revenue 2019 $'000	Non-current assets** 2019 $'000	Revenue 2018 $'000	Non-current assets** 2018 $'000
Singapore	**217,585**	**181,187**	204,526	38,368
Overseas	**19,922**	**48,819**	19,314	843
	237,507	**230,006**	223,840	39,211

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

Information about major customers

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

29. RELATED PARTIES

Key management personnel compensation

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

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

	Group	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	**3,268**	2,767
Contributions to defined contribution plans	**90**	86
	3,358	2,853

Other related party transactions

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

	Group	
	2019	**2018**
	$'000	**$'000**
Immediate and ultimate holding company		
Reimbursement of IPO transaction costs	**–**	149
Fellow subsidiary of immediate and ultimate holding company		
Property rentals and related expenses	**(3,406)**	(3,210)
Repayment of loan interest	**(157)**	(172)
Associate		
Loan interest income from associate	**–**	9
Management fee income from associate	**21**	30
Sale of food and beverages	**57**	106

30. FINANCIAL RISK MANAGEMENT

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk

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

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

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

There was no significant concentration of credit risk except for rental and other deposits which accounts for 82% (2018: 80%) of trade and other receivables, as at 31 December 2019.

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

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

	Group	
	2019	**2018**
	$'000	**$'000**
Impairment loss on trade receivables, net	**247**	325

Trade receivables

Exposure to credit risk

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

	2019		**2018**	
	Not credit-impaired	**Credit-impaired**	**Not credit-impaired**	**Credit-impaired**
	$'000	**$'000**	**$'000**	**$'000**
Operating stalls	**309**	**–**	420	–
Closed stalls	**–**	**962**	–	875
Total gross carrying amount	**309**	**962**	420	875
Loss allowance	**(123)**	**(962)**	(153)	(875)
	186	**–**	267	–

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Expected credit loss assessment for customers

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

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

The following table provides information about the exposure to credit risk and ECLs for current trade receivable for customers as at 31 December 2019:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group			
2019			
Not past due	**41**	**(25)**	Yes
Past due 1 – 30 days	**163**	**(33)**	Yes
Past due 31 – 60 days	**49**	**(72)**	Yes
Past due more than 60 days	**1,018**	**(955)**	Yes
	1,271	**(1,085)**	
2018			
Not past due	52	(10)	Yes
Past due 1 – 30 days	223	(53)	Yes
Past due 31 – 60 days	86	(57)	Yes
Past due more than 60 days	934	(908)	Yes
	1,295	(1,028)	

Movements in allowance for impairment in respect of trade receivables

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

	Group 2019 $'000	Group 2018 $'000
Balance at 1 January	**1,028**	794
Impairment loss recognised	**348**	358
Impairment loss reversed	**(101)**	(33)
Impairment loss utilised	**(190)**	(91)
Balance at 31 December	**1,085**	1,028

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (Continued)

Non-trade amounts due from subsidiary and loan to subsidiary

The Company held non-trade amounts due from subsidiary of $131,000 (2018: $5,976,000) and loan to subsidiary of $42,000,000 (2018: $35,000,000). The non-trade balances are dividend income and loan interest income receivables from subsidiary.

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

Cash and cash equivalents and time deposits

The Group and Company held cash and cash equivalents and time deposits of $94,996,000 (2018: $95,979,000) and $13,814,000 (2018: $12,040,000) as at 31 December 2019 respectively. The cash and cash equivalents and time deposits are held with bank and financial counterparties, which are rated A2 to Aa1, based on Moody's rating.

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

The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for other receivables. The amount of the allowance on cash and cash equivalents is negligible.

(b) Liquidity risk

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

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

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

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (Continued)

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

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
At 31 December 2019					
Trade and other payables*	**37,666**	**(37,893)**	**(30,444)**	**(7,449)**	**–**
Loans and borrowings	**4,718**	**(5,721)**	**(828)**	**(3,382)**	**(1,511)**
Lease liabilities**	**180,881**	**(191,549)**	**(67,769)**	**(119,411)**	**(4,369)**
	223,265	**(235,163)**	**(99,041)**	**(130,242)**	**(5,880)**
At 31 December 2018					
Trade and other payables*	39,470	(41,977)	(30,491)	(9,656)	(1,830)
Loans and borrowings	4,775	(6,098)	(698)	(3,182)	(2,218)
	44,245	(48,075)	(31,189)	(12,838)	(4,048)
Company					
At 31 December 2019					
Trade and other payables	**104**	**(104)**	**(104)**	**–**	**–**
Recognised financial liabilities	**104**	**(104)**	**(104)**	**–**	**–**
Intra-group financial guarantees	**–**	**(12,181)**	**(12,181)**	**–**	**–**
	104	**(12,285)**	**(12,285)**	**–**	**–**
At 31 December 2018					
Trade and other payables*	317	(317)	(317)	–	–
Recognised financial liabilities	317	(317)	(317)	–	–
Intra-group financial guarantees	–	(12,181)	(12,181)	–	–
	317	(12,498)	(12,498)	–	–

* Exclude accrued lease rental, accrued employee benefits and goods and services tax payables (net)

** The Group initially applied SFRS(I) 16 at 1 January 2019, which requires the recognition of lease liabilities for lease contracts that were previously classified as operating leases (see note 2.5).

The maturity analyses show the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

30 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk

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

Interest rate risk

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

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

	Nominal amount	
	2019	**2018**
	$'000	**$'000**
Group		
Fixed rate financial instruments		
Financial asset – at FVTPL	**1,600**	1,600
Time deposits	**4,600**	35,000
	6,200	36,600
Variable rate financial instruments		
Loans and borrowings	**(4,718)**	(4,775)
Loan from fellow subsidiary of ultimate holding company	**(110)**	(5,815)
	(4,828)	(10,590)
Company		
Fixed rate financial instruments		
Loan to subsidiary	**42,000**	35,000

The Company does not have variable rate financial instruments as at 31 December 2019.

Fair value sensitivity analysis for fixed rate instruments

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

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (Continued)

Interest rate risk (Continued)

Cash flow sensitivity analysis for variable rate instruments

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

	Profit before tax	
	100bp increase $'000	**100bp decrease $'000**
Group		
31 December 2019		
Variable rate instruments	**(48)**	**48**
31 December 2018		
Variable rate instruments	(106)	106

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values

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

		Carrying amount				Fair value			
	Note	At amortised cost $'000	Mandatorily at FVTPL – others $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2019									
Financial assets measured at fair value									
Financial assets – at FVTPL	10	–	1,600	–	1,600	–	1,600	–	1,600
Financial assets not measured at fair value									
Trade and other receivables*	13	18,430	–	–	18,430				
Time deposits		4,600	–	–	4,600				
Cash and cash equivalents	14	90,396	–	–	90,396				
		113,426	–	–	113,426				
Financial liabilities not measured at fair value									
Trade and other payables#	18	–	–	(37,666)	(37,666)				
Loans and borrowings	20	–	–	(4,718)	(4,718)	–	(4,230)	–	(4,230)
		–	–	(42,384)	(42,384)				

* Exclude prepayments

\# Exclude accrued lease rental, accrued employee benefits and goods and services tax payables (net)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Carrying amount				Fair value			
		At amortised cost $'000	Mandatorily at FVTPL – others $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group									
31 December 2018									
Financial assets measured at fair value									
Financial assets – at FVTPL	10	–	1,600	–	1,600	–	1,600	–	1,600
Financial assets not measured at fair value									
Trade and other receivables*	13	18,426	–	–	18,426				
Time deposits		35,000	–	–	35,000				
Cash and cash equivalents	14	60,979	–	–	60,979				
		114,405	–	–	114,405				
Financial liabilities not measured at fair value									
Trade and other payables#	18	–	–	(39,470)	(39,470)				
Loans and borrowings	20	–	–	(4,775)	(4,775)	–	(4,210)	–	(4,210)
		–	–	(44,245)	(44,245)				

* Exclude prepayments

\# Exclude accrued lease rental, accrued employee benefits and goods and services tax payables (net)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Accounting classification and fair values (Continued)

	Note	Carrying amount				Fair value			
		At amortised cost $'000	Mandatorily at FVTPL – others $'000	Other financial liabilities $'000	Total carrying amount $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Company									
31 December 2019									
Financial assets not measured at fair value									
Trade and other receivables*	13	**42,192**	**–**	**–**	**42,192**				
Cash and cash equivalents	14	**13,814**	**–**	**–**	**13,814**				
		56,006	**–**	**–**	**56,006**				
Financial liabilities not measured at fair value									
Trade and other payables	18	**–**	**–**	**(104)**	**(104)**				
31 December 2018									
Financial assets not measured at fair value									
Trade and other receivables*	13	41,351	–	–	41,351				
Cash and cash equivalents	14	12,040	–	–	12,040				
		53,391	–	–	53,391				
Financial liabilities not measured at fair value									
Trade and other payables#	18	–	–	(317)	(317)				

* Exclude prepayments

\# Exclude accrued lease rental, accrued employee benefits and goods and services tax payables (net)

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

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

Financial instruments measured at fair value

Type	Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Financial assets – at FVTPL	Discounted cash flows: The valuation model considers the present value of the expected future cash receivables, discounted using effective interest rate.	Not applicable	Not applicable
Financial instruments not measured at fair value			
Loans and borrowings	Discounted cash flows: The valuation model considers the present value of the expected future cash payment, discounted using risk-adjusted discount rate.		

31. LEASES

Leases as lessee (SFRS(I) 16)

The Group leases various food court, coffee shop, quick-service restaurant, hawker centre and central kitchen premises. The leases typically run for a period of 1 to 7 years. Previously, these leases were classified as operating leases under SFRS(I) 1-17.

During 2019, the leased properties have been sub-let by the Group.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 4).

	Property, plant and equipment 2019 $'000	Investment properties 2019 $'000
Balance at 1 January	**121,935**	2,494
Depreciation charge for the year	**(59,820)**	(4,298)
Impairment loss	**(1,030)**	–
Balance at 31 December	**170,226**	6,852

Additions to the right-of-use assets during 2019 were $111,474,000 and $8,656,000 for property, plant and equipment, and investment properties, respectively.

Amounts recognised in profit or loss

	$'000
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	**3,990**
Income from sub-leasing right-of-use assets presented in "revenue"	**(83,829)**
Expenses relating to short-term leases	**792**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**87**
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	59,905
Sub-lease income presented in "revenue"	(79,523)

31 LEASES (CONTINUED)

Leases as lessee (SFRS(I) 16) (Continued)

Amounts recognised in statement of cash flows

	2019 $'000
Total cash outflow for leases	**68,437**

Leases as lessor

The Group leases out its investment properties (see note 7) consisting of its owned eating house and industrial canteen as well as leased commercial mall. All leases are classified as operating leases from a lessor perspective.

Operating lease

The Group leases out its investment properties and leased property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Note 7 sets out information about the operating leases of investment properties.

Rental income from investment properties and property sublease recognised by the Group during 2019 was $120,090,000 (2018: $112,317,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	$'000
2019 – Operating leases under SFRS(I) 16	
Less than one year	**84,948**
One to two years	**58,005**
Two to three years	**19,588**
Three to four years	**68**
Total	**162,609**
2018 – Operating leases under SFRS(I) 1-17	
Less than one year	73,425
Between one and five years	73,444
Total	146,869

32. COMMITMENTS

Capital commitments

Expenditure contracted for as at the reporting date but not recognised in the financial statements is as follows:

	Group 2019 $'000	Group 2018 $'000
Commitment in respect of property, plant and equipment	**15,139**	30,573

33. ACQUISITION OF SUBSIDIARY

On 1 August 2019, the Group acquired 1% of the shares and voting interest in Woodlands 548 Foodcourt Pte. Ltd. ("Woodlands 548"). As a result, the Group's equity interest in Woodlands 548 increased from 49% to 50%, granting it control of Woodlands 548.

For the five months ended 31 December 2019, Woodlands 548 contributed revenue of $1,288,000 and profit of $343,000 to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have been $2,937,000, and consolidated profit for the year would have been $798,000 .

Acquisition-related costs

The Group incurred acquisition-related costs of $1,000. These costs have been included in "administrative expenses".

Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Property, plant and equipment	4	113
Right-of-use assets – property, plant and equipment		959
Inventories		10
Trade and other receivables		50
Cash and cash equivalents		1,135
Provision for reinstatement cost	21	(70)
Lease liabilities	19	(966)
Current tax liabilities		(196)
Trade and other payables		(503)
Total identifiable net assets at fair value		532
Less: NCI at fair value		(266)
Less: Pre-existing interest as an associate		(261)
Gain on acquisition of a subsidiary		(5)
Consideration paid in cash		–*
Add: Cash and cash equivalents of subsidiary acquired		1,135
Cash inflow on acquisition, net of cash and cash equivalents acquired		1,135

* Less than $1,000

The gain on acquisition of $5,000 has been recognised in "other income" in the statement of profit or loss.

33 ACQUISITION OF SUBSIDIARY (CONTINUED)

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired was as follows:

Assets required	Valuation technique
Plant and equipment	*Market comparison technique and cost technique:* The valuation model considers market prices for similar items when they are available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

34. SUBSEQUENT EVENTS

The emergence of the Coronavirus disease ("COVID-19") since early 2020 has impacted the business of the Group's operations. Notwithstanding the near-term challenges brought about by the COVID-19 outbreak, the Group will remain vigilant while stepping up on precautionary measures. The Group is continuously monitoring the impact on the recoverable amounts of the CGUs tested during the impairment assessment of property, plant and equipment due to the COVID-19 outbreak. The effect of the outbreak is subject to significant levels of uncertainty.

ADDITIONAL INFORMATION

A. INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2019, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (excluding transactions of less than S$100,000 each) are as follows:-

Name of Interested Persons	Nature of relationship	Aggregate value of all IPTs during the financial period under review (excluding transactions conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual and transactions less than S$100,000)		Aggregate value of all IPTs conducted under the Shareholder's Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)	
		3 months ended 31 December 2019 S$'000	12 months ended 31 December 2019 S$'000	3 months ended 31 December 2019 S$'000	12 months ended 31 December 2019 S$'000
Abundance Realty Pte Ltd					
(i) Food court and coffee shops' leases(1)	Abundance Realty Pte Ltd is a wholly-owned subsidiary of Jun Yuan Holdings Pte Ltd, the Controlling Shareholder of the Company	–	–	804	3,216
(ii) Service charges and outdoor refreshment area fees (paid on behalf)(2)		–	–	47	190
(iii) Repayment of loan interest(3)		29	161	–	–
Great Solutions Pte Ltd					
Dishwashing, cleaning, landscaping and vector control services(4)	Great Solutions Pte Ltd is a subsidiary of GS Holdings Limited, a company listed on the Catalist Board of SGX-ST and is controlled by Mr Pang Pok, sibling of Mr Pang Lim	–	–	115	521
Brightlink Electrical Pte Ltd					
Provision of renovation works and other general electrical works(5)	Brightlink Electrical Pte Ltd, 50% owned by Mr Pang Pong San, sibling of Mr Pang Lim	–	–	18	113

Notes:

(1) As disclosed in our Group's IPO Prospectus dated 11 July 2018, our Group leases one food court and five coffee shop properties from Abundance Realty Pte Ltd with the leases executed on 28 September 2017 for a lease term of four years commencing 28 September 2017. The monthly rental amounts to $268,000 with an aggregate value of $12,864,000 for the entire lease period.

(2) Outdoor refreshment area fees and conservancy and service charges which are paid by Abundance Realty Pte Ltd ("Abundance") to HDB and town councils in relation to the one food court and five coffee shops leased from Abundance are reimbursed by the Group to Abundance at cost on a monthly basis.

(3) As disclosed in our Group's Prospectus dated 11 July 2018, our Group obtained a loan of S$6.9 million from Abundance to finance the coffee shop property at 18 Jalan Membina after the entire loan amount was repaid to the bank pursuant to the restructuring. In turn, Abundance had obtained a 96-month term loan of S$ 6.9 million from DBS Bank Ltd on 28 September 2017 under which monthly repayments are made by them. The rate of interest on the loan from Abundance to our Group is in accordance with the rate of interest of the bank facility granted by DBS Bank Ltd to Abundance. The Group had on 1 November 2019, made a partial repayment of the term loan amounting to S$5 million to Abundance. As at 31 December 2019, the remaining loan balance owing to Abundance is S$0.1 million.

(4) As disclosed in our Group's Circular to Shareholders dated 9 April 2019, our Group obtains dishwashing (offsite and on premises), cleaning (general, toilet and car park), landscaping and vector control services from Great Solutions Pte. Ltd. in respect of the Hawker Centre for a period of 2 years from 3 October 2017, with an option to renew for another year, payable upon service rendered on a monthly basis. The option of renew has been exercised.

(5) As disclosed in our Group's IPO Prospectus, our Group obtains electrical services from Brightlink Electrical Pte Ltd in connection with renovation works and other general electrical works at our F&B Outlets.

B. UPDATE ON THE USE OF THE IPO PROCEEDS

On 18 July 2018, the Company received gross proceeds of approximately S$45.5 million raised from the IPO on the Main Board of SGX-ST.

As at 31 December 2019, the status on the use of the IPO net proceeds is as follows:-

	Allocated S$'000	**Utilised S$'000**	**Balance S$'000**
Capital expenditure for integrated facility	30,000	(12,335)	17,665
Refurbishment and renovation of new and existing F&B outlets	8,000	(7,700)	300
Acquisitions, joint ventures, strategic alliances or investments	5,000	–	5,000
Listing expenses	2,500	(2,500)	–
Total	45,500	(22,535)	22,965

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

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

Number of Issued Shares (excluding treasury shares and subsidiary holdings)	:	554,813,700
Number/Percentage of treasury shares and subsidiary holdings	:	349,300
Voting rights	:	One vote per share
Class of Shares	:	Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 MARCH 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	1	0.04	5	0.00
100 – 1,000	300	13.57	254,400	0.05
1,001 – 10,000	1,243	56.22	6,854,888	1.23
10,001 – 1,000,000	650	29.40	38,013,600	6.85
1,000,001 and above	17	0.77	509,690,807	91.87
Total	**2,211**	**100.00**	**554,813,700**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2020

No.	Name of Shareholders	No. of Shares	% of Shares
1	JUN YUAN HOLDINGS PTE LTD	428,048,800	77.15
2	DBS NOMINEES (PRIVATE) LIMITED	41,354,111	7.45
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,128,300	1.47
4	BPSS NOMINEES SINGAPORE (PTE.) LTD.	6,575,000	1.19
5	RAFFLES NOMINEES (PTE.) LIMITED	3,913,400	0.71
6	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	3,184,400	0.57
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,516,396	0.45
8	HSBC (SINGAPORE) NOMINEES PTE LTD	2,496,200	0.45
9	PHILLIP SECURITIES PTE LTD	2,490,700	0.45
10	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,546,800	0.28
11	ANG CHIN KOON	1,500,000	0.27
12	NANYANG CONFUCIAN ASSOCIATION	1,500,000	0.27
13	TAN SWEE PENG	1,488,200	0.27
14	ANG KOCK SEONG	1,430,000	0.26
15	TONG TECK HENG	1,273,800	0.23
16	UOB KAY HIAN PRIVATE LIMITED	1,184,800	0.21
17	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,059,900	0.19
18	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	993,600	0.18
19	TAN AH CHEW	950,000	0.17
20	LIM KEE CHOON	710,000	0.13
	Total	**512,344,407**	**92.35**

Based on the information available to the Company as at 16 March 2020, approximately 22.54 % of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Limited is complied with.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2020

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Jun Yuan Holdings Pte. Ltd.	428,048,800	77.15	–	–
Pang Lim[1]	–	–	428,048,800	77.15
Ng Hoon Tien[2]	–	–	428,048,800	77.15

(1) Pang Lim holds 50.0% of the shares of Jun Yuan Holdings Pte. Ltd. ("Jun Yuan Holdings"). Pursuant to Section 4 of the Securities and Futures Act ("SFA"), Pang Lim is deemed to have an interest in the 428,048,800 shares held by Jun Yuan Holdings.

(2) Ng Hoon Tien holds 50.0% of the shares of Jun Yuan Holdings. Pursuant to Section 4 of the SFA, Ng Hoon Tien is deemed to have an interest in the 428,048,800 shares held by Jun Yuan Holdings.

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