KNEADING FUTURE GROWTH

ANNUAL REPORT

CONTENTS

ABOUT KOUFU GROUP LIMITED

Established in 2002 and listed on the Main Board 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 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
Opened *Rasapura Masters* at Singapore's Marina Bay Sands

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

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

2016
Achieved S$200 milion in sales revenue

2018

Commenced construction on Integrated Facility, which will house a larger central kitchen and corporate HQ. Expected to obtain its temporary occupation permit by 1H2021

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

Successfully listed on the Mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 18 July 2018

2019

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

2020

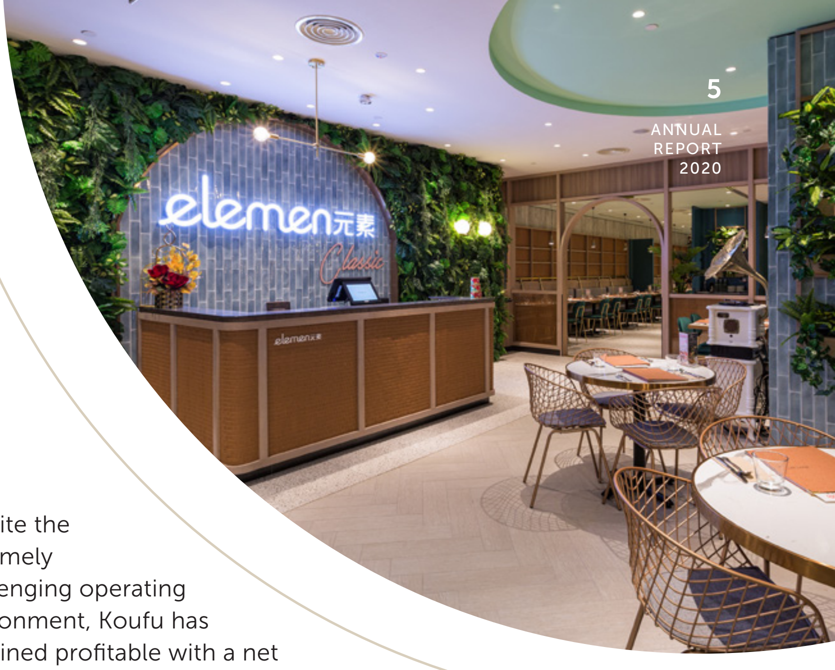
Organically expanded network of brands with acquisition of traditional snacks and dough products business, Deli Asia

Converted joint venture partnership to Master License agreement to expand *R&B Tea* in Indonesia

Inked Master Franchise agreement to expand *Supertea* and *R&B Tea* brands to the Philippines

CHAIRMAN'S MESSAGE

"WE HAVE BUILT UP A DEFENSIVE AND RESILIENT BUSINESS MODEL THAT HAS BEEN TRIED-AND-TESTED THROUGH TIME"



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 2020 (**"FY 2020"**).

The COVID-19 pandemic is unprecedented on many fronts and has caused a severe disruption to global economic activity, affecting different sectors to varying degrees. Even with a vaccine being distributed, the effects of the pandemic are expected to linger on for years.

During the year under review, the Group has focused our efforts on ensuring that our essential products and services that support the community carried on with minimal or no disruption. We focused on implementing necessary COVID-19 safety and precautionary measures as required by the respective governments and regulators in our countries of operations, mainly Singapore and Macau; and supporting our stakeholders and strategic partners in Malaysia, the Philippines and Indonesia to mitigate the effect of the pandemic.

Financial Review

The F&B industry has been impacted due to the Circuit Breaker measures as well as more conscious spending habits due to a general downtrend in the economy. These measures significantly affected our revenue as we saw lower footfalls at our food courts, especially those located in commercial malls, educational institutions and near offices.

In FY 2020, revenue decreased 19.0% to S$192.4 million from S$237.5 million in the same comparative period a year ago ("**FY 2019**"), largely due to the impact of the COVID-19 outbreak. The lower topline was due to lower contributions from both the Outlet & Mall Management segment and F&B Retail segment.

Despite the extremely challenging operating environment, Koufu has remained profitable with a net profit after tax attributable to Owners of the Company of S$9.9 million for FY 2020, a decline of 64.3% from S$27.7 million in FY 2019.

We have built up a defensive and resilient business model that has been tried-and-tested through time, and our business model has enabled us to remain cash-generative and robust through economic cycles. We maintained a strong balance sheet with cash and cash equivalents of S$76.4 million and net cash of S$62.6 million as at 31 December 2020, giving us financial flexibility for the funding of future growth initiatives.

Rising Through Challenges

The foundation that we have built through the years – from our steadfast philosophy of integrating modern management discipline, to prudence in financial management — have helped us to weather the vast challenges brought on by the global pandemic.

Thus, we have to continually adapt to the "new normal" in F&B, embrace it and aim to excel in all our business practices.

To us, this would mean the relentless pursuit in creating new revenue streams – through a prudent enhancement of our multi-brand portfolio, raising our operational efficiencies, adopting new technologies and initiatives, and finding new ways to deliver F&B options.

CHAIRMAN'S MESSAGE

Enhancement of Multi-Brand Platform and Network

Our multi-brand platform of 15 brands and strong network have continued to serve us well, offering some resilience, as the Group's differentiated F&B concepts are generally within the ambit of "essential services" during the Circuit Breaker period.

During the year, we have added two new brands *Delisnacks and Dough Culture* with our landmark and accretive acquisition of Deli Asia. This highly complementary acquisition effectively fast-tracks the Group's revenue diversification and network expansion in complementary dim sum, snacks and dough products and strengthens our supply chain with the expansion of our production and manufacturing capabilities.

Another notable development in fostering our concept brands in target markets includes our first entry into the Philippines. This was through a master franchise agreement with Shakey's Pizza Asia Ventures Inc., one of the largest F&B players in the country, to expand our high growth tea beverage brands. With this latest addition, we are tapping on the strong demand for bubble tea regionally, and have established good market presence of our highly popular *R&B Tea* beverage concepts in five markets, namely Singapore, Macau, Malaysia, Indonesia and the Philippines. In Indonesia, we have recently made a strategic move by extending our presence in this growth market through a licensing arrangement with PT Super Tea Indonesia instead, following the sale of our stake to this partner. This licensing arrangement will similarly enable us to align our overseas *R&B Tea* business as a franchise model, much like in the Philippines, which we view as a more cost effective and beneficial arrangement in this current business climate, amidst the COVID-19 outbreak and travel restrictions.

Our *Elemen* full-service restaurant serving natural meatless cuisine has gained good market acceptance, and we will tap on its popularity and the trend towards healthy living and dining, to bring this brand into overseas markets when the opportunity arises.

We will continually build up our concept brands and strategic partnerships in the coming years to broaden our revenue streams and distribution network for sustainable growth.

Efficiency-focused with Game-Changing Integrated Facility

The completion of our integrated facility at Woodlands Avenue 12 is on track for 1H 2021. We look forward to greater efficiencies and economies of scale with the expansion of our procurement, preparation, processing and distribution functions "under one roof". We intend to further improve our productivity through increased automation of our operations and researching food preparation processes that will boost productivity and allow Koufu to attain higher cost efficiencies.

This larger central kitchen will also better support all of Koufu's F&B Retail business and cater to future business growth through the creation of new and recurring revenue streams for the Group.

Embracing Innovation in Delivery of F&B Services

Looking back, whilst the footfall of our food court and coffee shop operations was impacted during the Circuit Breaker period when dining-in was disallowed, the increase in delivery services was a key and positive mitigating factor.

Recognising a growing demand for online food ordering and delivery services, we have forged partnerships with third-party food delivery service providers at our outlets to tap on this growing market trend, providing us with a new channel to reach out to a wider customer base and capture additional sales revenue. We have also launched a delivery service option on the *Koufu Eat* app to certain areas of Singapore by partnering with these delivery vendors, and are looking to gradually increase the delivery coverage to include more parts of the island. Apart from the focus on delivery services, our

Koufu Eat app has gained traction during this period by catering to customers who prefer to use the "click and collect" option, which offers increased convenience.

In closing, notwithstanding the ongoing 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 accretive acquisitions in complementary business segments and markets. At the same time, we will continue to bring forth new food options and varieties to customers, enhanced by technology and innovation, for sustainable growth.

Over the years, we have taken a conservative approach in our finances with a primary focus on preserving cash by reducing operating expenses where applicable, and deferring all non-essential capital expenditures. We will continue to preserve liquidity and manage our balance sheet prudently to navigate through the challenges and preserve shareholder value.

Rewarding Loyal Shareholders

To share the fruits of our labour and reward our loyal shareholders for their continuous support, the Board has proposed a final cash dividend (one-tier tax-exempt) of 0.7 Singapore cent. Coupled with the interim dividend (one-tier tax-exempt) of 0.5 Singapore cent, this brings the total distributions for the year to 1.2 Singapore cents per ordinary share, representing a dividend payout ratio of 67.4%.

Word of Appreciation

It has been a very challenging year and we have stayed resilient thanks to the wise counsel and direction from our Board of Directors and the hard work of a team of dedicated management and staff. I would like to thank our Board of Directors for their guidance and significant contributions in the last financial year. To our management team and staff, a big thank you for staying the course and your dedication 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 sustainable growth ahead.

MR. PANG LIM
Executive Chairman &
Chief Executive Officer

8 April 2021

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" and "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 over 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.

DOUGH CULTURE

Dough Culture directly brings to consumers freshly fried food and dough products, such as fried dough and banana fritters, butterfly buns, sesame balls and other fried snacks, and related products, including Chinese desserts through its eight retail kiosks in Singapore.

DELISNACKS

DeliSnacks proudly produces various types of high quality dough and snacks and delivers the snacks to approximately 60 authorised F&B stalls at coffee shops and hawker centres. The fritters are freshly prepared with less time, energy, and wastage - keeping the personal heritage touch that everyone loves.

MULTI-BRAND STRATEGY

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 through its four full-services restaurants.

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.

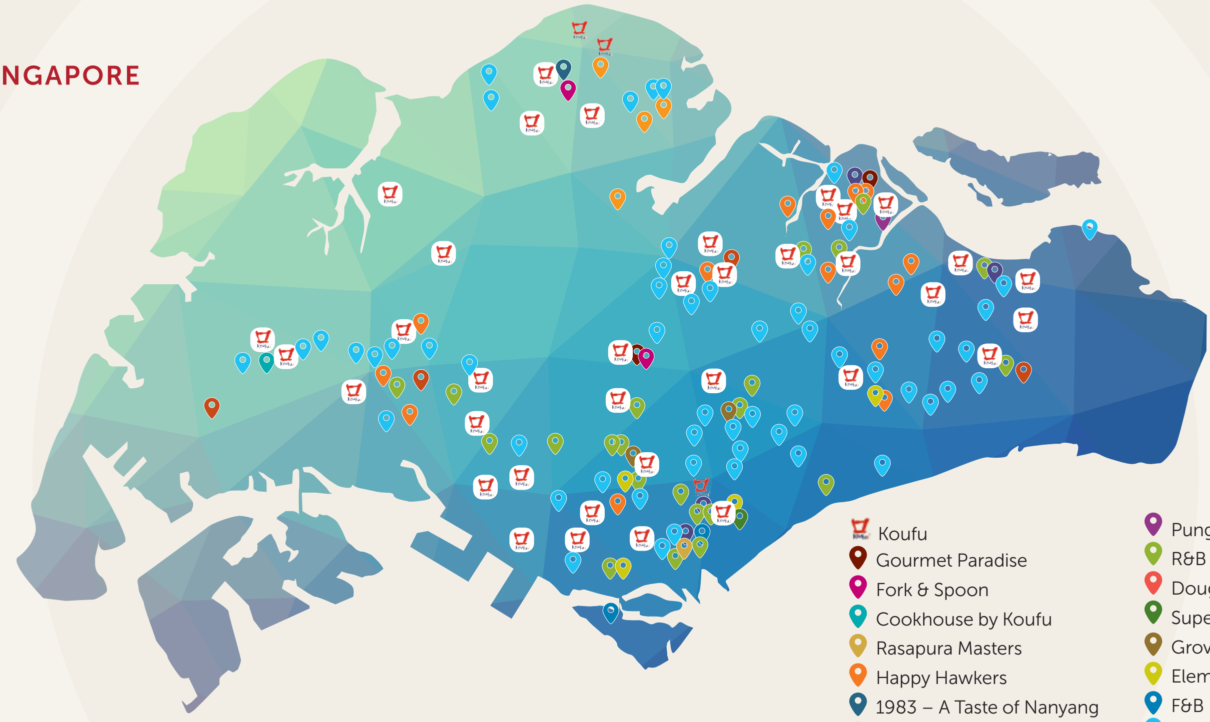
SHOPPING MALL

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



SELF- OPERATED OUTLETS

FRANCHISED OUTLETS

MALAYSIA

MACAU

INDONESIA

PHILLIPINES

Self-Operated Outlets

OUTLET & MALL MANAGEMENT			
FOOD COURTS		COFFEE SHOPS	COMMERCIAL MALL
SINGAPORE	MACAU	SINGAPORE	SINGAPORE
48	3	18	1

F&B RETAIL							
F&B STALLS		QUICK-SERVICE RESTAURANTS (“QSR”)	F&B KIOSKS			FULL-SERVICE RESTAURANTS
SINGAPORE	MACAU	SINGAPORE	SINGAPORE	MACAU	MALAYSIA	SINGAPORE
74	5	7	36[1]	2	1	4

Authorised/Licensed Outlets[2]

F&B RETAIL		
F&B KIOSKS/STORES		F&B STALLS
INDONESIA	PHILLIPINES	SINGAPORE
5	122[3]	57

(As at 31 December 2020)

1 Including eight *Dough Culture* kiosks from the recent Deli Asia group acquisition
2 Authorised/licensed F&B Stalls/kiosks/stores refer to *Delisnacks* F&B stalls in Singapore and *R&B Tea* kiosks/stores in Indonesia/Phillipines
3 *R&B Tea* is available at 122 of the Shakey's and Peri Peri stores, through a co-branding strategy with the Master Franchisee, Shakey's Pizza Asia Ventures Inc.

REGIONAL NETWORK

SELF- OPERATED OUTLETS

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

4 Bukit Batok Street 41 #01-22 to 28 Le Quest Singapore 657991

MACAU

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

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

Shops 202/203 NOVA Grand, Taipa, Macau

GOURMET PARADISE
Food court located in 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

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

PUNGGOL PLAZA
Commercial Mall

Block 168 Punggol Field Punggol Plaza, Singapore

R&B TEA
F&B kiosk serving tea beverages

SINGAPORE

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

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

* Newly opened in Q1 2021

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

4 Bukit Batok Street 41 #01-47 Le Quest Singapore 657991

30 Raffles Place #B1-32 Change Alley Mall Singapore 048622

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

MACAU

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

Stall 13, Shops 202/203, NOVA Grand, Taipa, Macau

MALAYSIA, MALACCA

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

DOUGH CULTURE
F&B kiosk serving fried dough products

#01-K08 Causeway Point, Singapore 738099

930 Yishun Ave 2 #B1-10 Northpoint, Singapore 769098

53 Ang Mo Kio Ave 3 #B2-31 AMK Hub Singapore 569933

23 Serangoon Central #B2-09 Nex Mall Singapore 556083

83 Punggol Central #01-K5 Waterway Point Singapore 828761

4 Tampines Central 5 #B1-16 Tampines Mall Singapore 529510

5 Changi Bussiness Park Central 1 #B1-K3 Changi City Point, Singapore 486038

Blk 133 Canberra View #01-18A Canberra Plaza, Singapore 750133

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

***30 Sembawang Drive #B1-34 Sun Plaza Singapore 757713**

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

Blk 133 Canberra View #01-18A/19 Canberra Plaza Singapore 750133

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

AUTHORISED/LICENSED OUTLETS

DELISNACKS
F&B stall located in hawker centres and coffeeshops

Blk 226, Ang Mo Kio St 22, #01-18, Singapore 560226

Blk 338 Ang Mo Kio Ave1, 338 Choice Coffee Shop, Singapore 560338

Blk 453A, Ang Mo Kio, Ave 10, # 01-09, Singapore 560453

BLK 527, Ang Mo kio, Ave 10, #01-38, Singapore 560527

Blk 628, Ang Mo Kio Ave 4, #01-68, Singapore 560628

Blk 162, #01-05, Ang Mo Kio Ave 4, Singapore 560162

Blk 216, Bedok North Street 1 #01-60 Singapore 460216

Blk 3014, Bedok Ind. Park E, #01-2152, Singapore 489980

Blk 538, North Street 3, #01-122, Singapore 460538

Blk 85, Bedok North Ave 4, Singapore 460085

Blk 630, Bedok Reservior Road, Market and Food Centre, Singapore 460630

Blk 207 Bukit Batok Street 21, Singapore 650207

Blk 261 Punggol Way, Coffee Shop, Singapore 820261

Blk 221B, Boon Lay, Market and Food Centre, #01-95, Singapore 642221

Blk 155 Bukit Batok West St 11, Broadway Coffee Shop, Singapore 650155

Blk 283 Bukit Batok East Ave 3, (Coffee Shop), Singapore 650283

51 Upper Bukit Timah Road, #02-195, Singapore 588215

Blk 41A, #01-24 Cambridge Rd, Singapore 211041

Blk 2 Changi Village Hawker Centre, #01-63, Singapore 500002

Blk 105, Yishun Ring Road, Food Centre, #01-150, Singapore 760105

Blk 89 Circuit Road,#01-129, Singapore 370089

4A Eunos Crescent #01-28, Singapore 738623

Blk 69 Geylang Bahru #01-16, Singapore 330057

150A Ghin Moh Road,#01-31, Singapore 279621

Blk 209 Hougang Street 21, #01-55, Singapore 530209

Blk 573 Hougang St 51, Hougang Green Shopping Mall, #01-51, Singapore 530573

Blk 347, #01-219, Jurong East Street 31, Singapore 600347

Blk 254 Jurong East Street 24, #01-26, Singapore 600254

Blk 505 Jurong West St 52, Market and Food Centre, #01-187, Singapore 640505

Blk 964 Jurong West St 91, Coffee Shop, Singapore 640964

Blk 665 Buffalo Road, Tekka Market, #01-283, Singapore 210665

Blk 50A, #01-283, Marine Terrace, Singapore 441050

Blk 20 Marsiling Lane, #01-17. Singapore 730020

Mei Chin Road, Block 159 Market, #02-45, Singapore 140159

Blk 443 Pasir Ris Dr 6, Singapore 510443

Blk 269 Queen Street, Singapore 180269

Rivervale Plaza, 118 Rivervale Drive #K01-17, Singapore 540118

Shunfu Road, Food Centre, #02-19, Singapore 570320

Blk 49 Sims Drive Road, Market Sims, Food Centre, #01-06, Singapore 380049

Blk 335, #02-45, Smith Street, Singapore 050335

BlK 137 Tampines St 11, #01-42, Singapore 521137

Blk 828 Tampines St 81, Singapore 520828

Teban Garden Road, Market and Food Centre, #01-14, Singapore 600037

Telok Blangah Drive, Food Centre, #01-21, Singapore 100079

Blk 22 Toa Payoh Lor 7, #01-46, Singapore 310022

91 Whampoa Drive, #01-01, Singapore 320091

4 Woodlands Street 12 Marsiling Mall, #01-62, Singapore 738623

Blk 293 Yishun Street 22, Singapore 760293

291 Yishun Street 22, Silver Spoon, Coffee Shop Singapore 760291

Blk 531A Upper Cross Street, #02-15 Singapore 051531

Blk 23 Kallang Avenue JTC Food Court 1st Floor Canteen, Singapore 339414

Blk 51 Old Airport Road #01-40, Singapore 390051

Blk 29 Bendemeer Road #01-63, Singapore 330029

Blk 861 North Bridge Road, #01-86, Singapore 198783

477 Tampines Street 43, Singapore 520477

Blk 105 Hougang Ave 1 #02-21, Singapore 530105

Blk 261 Serangoon Central #01-15, Wang Jin Coffeeshop, Singapore 550261

* Newly opened in Q1 2021

BOARD OF DIRECTORS

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

MR. PANG LIM

Executive Chairman & Chief Executive Officer

Mr. Pang Lim is one of Koufu's founding shareholders and was appointed to the Board in 1996. Mr. Pang has over 30 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 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, Executive 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 Chairman of the Yuying Secondary School Management Committee 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 is one of the Group's founding shareholders and was appointed to the Board in 2002. She brings with her over 18 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 our Group. She also assists the Executive Chairman and CEO in the formulation and implementation of the Group's business strategies and F&B operations.

DR. YU LAI BOON
Lead Independent Director

Dr. Yu Lai Boon was appointed to the Board on 28 June 2018. Dr. Yu has over 27 years of experience in sovereign wealth fund investment, private equity investment, fund management, real estate development and real estate-related consultancy work.

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

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 he 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. He is a member of the Singapore Institute of Surveyors and Valuers.

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 accounting, finance and audit.

Mr. Tan served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

Mr. Tan is currently an independent non-executive director of four other companies listed on the main board of Singapore Stock Exchange, namely, (i) Zheneng Jinjiang Environment Holding Company Limited; (ii) Dasin Retail Trust Management Pte. Ltd., the trustee-manager of Dasin Retail Trust; (iii) ASL Marine Holdings Ltd; and (iv) Elite Commercial REIT Management Pte. Ltd., the Manager of Elite Commercial REIT. He is also an independent non-executive director of Linklogis Inc., which has on 26 March 2021, registered its prospectus for an initial public offering on the main board of Hong Kong Stock Exchange.

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

MR. HOON TAI MENG
Independent Non-Executive Director

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

Currently a Senior Consultant of RHTLaw Asia 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.

Mr. Hoon also sits on the Board of other SGX-listed companies, including Federal International (2000) Ltd, Sin Ghee Huat Corporation Ltd, Aedge Group Ltd and Hock Lian Seng Holdings Ltd.

SENIOR MANAGEMENT

MS. CHUA SHER LIN
Chief Financial Officer

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

Ms. Chua 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. JET LI
General Manager (Kiosks Division)

MR. ANDY KUEH
General Manager (Restaurants Division)

MS. ZANN QUEK
General Manager (Food Business Development)

MS. IVY NG
Head, Procurement and Supply Chain

MS. LIONG LEE LIAN
Head, Human Resource and Development

AWARDS & ACCOLADES

BRANDING AWARDS

2004-2006
Singapore Promising Brand Award (Silver)

2006
Singapore Promising Brand Award (Most Distinctive Brand)

2004-2005
Superbrands Award

2005-2006
Golden Brand Award

2016
Singapore Prestige Brand Award (Dough Culture)

Singapore Quality Class Award (Deli Asia)

2014
Singapore Heartland Enterprise Star Award - Most Franchisable (Prominent Enterprise) (Deli Snacks)

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)

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

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

CORPORATE/PRODUCTIVITY AWARDS

2005-2009
Enterprise 50 Outstanding Business Award

2007
Singapore 50 Fastest Growing Companies Award

2007
SME 500 Company Award

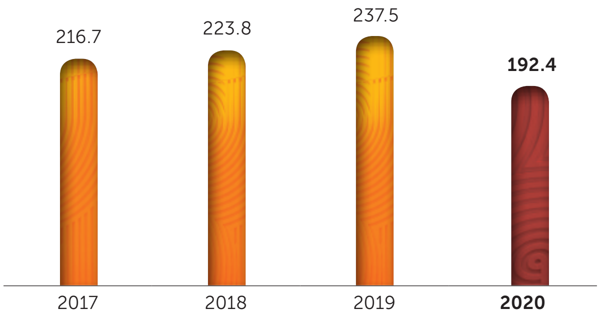
2008-2019
Singapore 1000 Award (S1000)

2016
Singapore Productivity Award – Excellence in F&B Sector

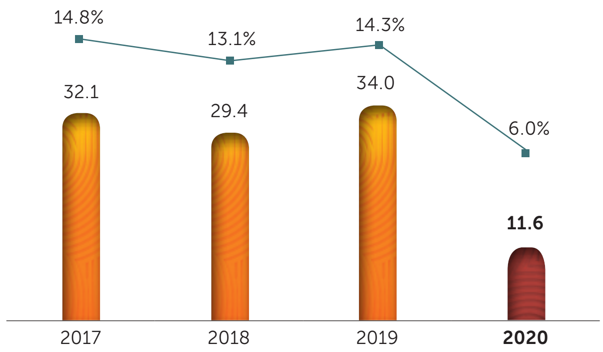
2014
Emerging Enterprise 2014 Award Finalist (Dough Culture)

FINANCIAL HIGHLIGHTS

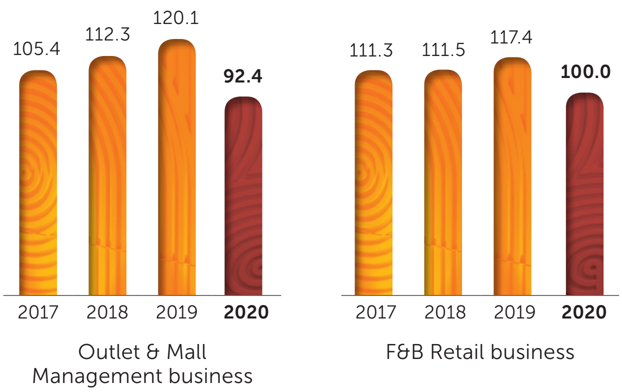
TOTAL REVENUE (S$'M)



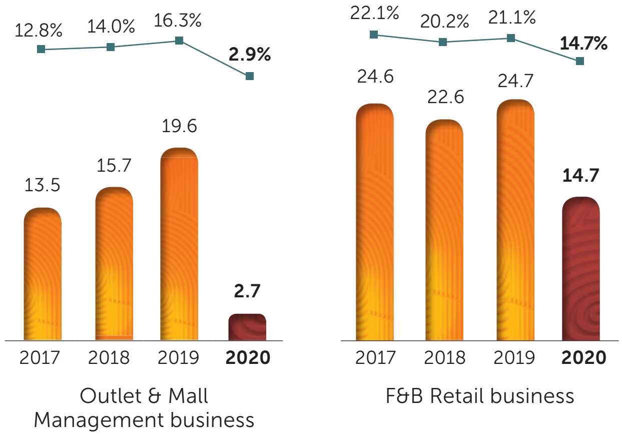
PROFIT BEFORE TAX (S$'M)/MARGIN (%)



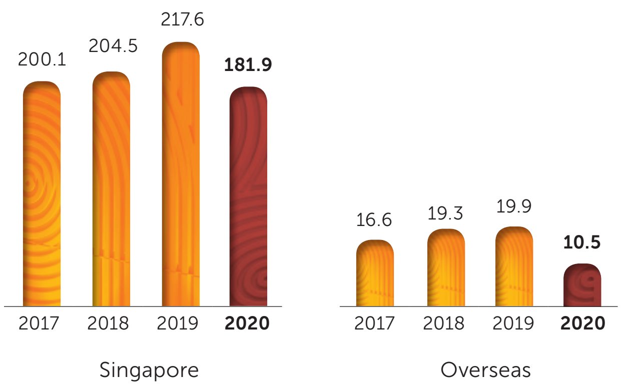
REVENUE BY SEGMENT (S$'M)



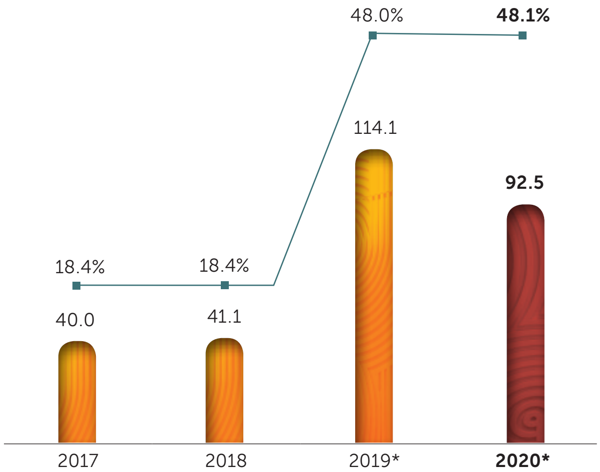
PROFIT BEFORE TAX BY SEGMENT (S$'M) /MARGIN (%)



REVENUE BY GEOGRAPHY (S$'M)



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



* EBITDA (S$'M)/Margin (%) for FY 2019 and FY 2020 may not be comparable to that of 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.

	2017 $'000	2018 $'000	2019 $'000	2020 $'000
INCOME STATEMENT				
Group Revenue	**216,679**	**223,840**	**237,507**	**192,375**
REVENUE BY SEGMENT				
- Outlet & Mall Management business	105,360	112,317	120,090	92,414
- F&B Retail business	111,319	111,523	117,417	99,961
Total Revenue	**216,679**	**223,840**	**237,507**	**192,375**
REVENUE BY GEOGRAPHY				
- Singapore	200,082	204,526	217,585	181,914
- Overseas	16,597	19,314	19,922	10,461
	216,679	**223,840**	**237,507**	**192,375**
Group Profit before Taxation and Non-Controlling Interest	32,114	29,431	33,958	11,597
PROFIT BEFORE TAX BY SEGMENT				
- Outlet & Mall Management business	13,521	15,683	19,609	2,710
- F&B Retail business	24,618	22,565	24,741	14,652
Group EBITDA	39,965	41,138	114,091	92,519
Profit after Taxation and Non-Controlling interest	26,819	24,476	27,836	9,639
Net profit attributable to owners of the company	26,869	24,509	27,688	9,880
FINANCIAL POSITION				
Total Assets	107,211	159,695	348,881	341,615
Total Liabilities	64,095	68,167	245,867	240,349
Total Shareholder's Equity	43,116	91,528	103,104	101,266
Cash and Cash Equivalents	53,043	60,979	90,396	76,352
PER SHARE INFORMATION				
Earnings Per Share (cents)	5.56	4.75	4.99	1.78
Net Asset Value Per Share ($)	0.09	0.16	0.18	0.18
KEY RATIO				
EBITDA margin (%)	18.4%	18.4%	48.0%*	48.1%*
Profit before tax margin (%)	14.8%	13.1%	14.3%	6.0%
Profit before tax by segment margin (%)				
- Outlet & Mall Management business	12.8%	14.0%	16.3%	2.9%
- F&B Retail business	22.1%	20.2%	21.1%	14.7%
Profit after tax margin (%) - attributable to owners of the company	12.4%	10.9%	11.7%	5.1%
Gearing Ratio	0.04	0.05	0.05	0.14
Debt to Equity Ratio	1.49	0.74	2.38	2.37
Return on Shareholders' Funds (%)	62.2%	26.7%	27.0%	9.5%

* EBITDA (S$'M)/Margin (%) for FY 2019 and FY 2020 may not be comparable to that of FY 2017, FY 2018 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

Year 2020 was unprecedented for all, with the widespread outbreak of COVID-19 in January 2020. Singapore subsequently implemented a nationwide lockdown, otherwise known as the Circuit Breaker, from April to June 2020, where only essential services could remain operational and no dine-in was allowed. As the number of COVID-19 cases in Singapore came down, the government gradually eased restrictions.

Despite these major challenges facing the F&B industry in 2020, Koufu held steadfast to our philosophy to integrate modern management discipline into our business while retaining traditional coffee shop culture, in particular providing patrons with value for money dining options in a comfortable environment. This has enabled Koufu to rise through the challenges to mark two landmark developments in 2020: the synergistic and accretive acquisition of Deli Asia, as well as bringing our high-growth tea beverage concept to the shores of the Philippines.

Due to COVID-19, the integrated facility saw some delay in its construction and thus completion date. The facility is expected to obtain its temporary occupation permit by 1H 2021, and thereafter will begin to support the Group's increasing business needs and offer increased economies of scale.

Guided by our core values in our vision towards **"Better Food", "Better People" and "Better Life"** and backed by our robust balance sheet and cash position, Koufu plans to adopt a tactical approach in developing our brands and extending our reach in targeted markets for sustainable growth.

Financial Highlights

Koufu's defensive business nature ensured earnings resilience through the challenging period, including the two months of Circuit Breaker which had adversely impacted all F&B businesses. The Group recorded a FY 2020 revenue of S$192.4 million. The lower topline was due to lower contributions from both the Outlet & Mall Management segment and F&B Retail segment.

Koufu remained profitable with a FY 2020 NPAT attributable to Owners of the Company of S$9.9 million, albeit a decrease from S$27.7 million a year ago. Profit was also affected due to higher impairment loss on property, plant and equipment, as well as impairment on trade and other receivables and deferred income recorded in FY 2020, resulting from the impact of COVID-19 on the stall tenants and our businesses.

Koufu generated strong cash inflow from operating activities with a robust balance sheet of S$76.4 million in cash and cash equivalents as at 31 December 2020. This indicates a deep war chest to capitalise on opportunities and offers financial flexibility to the Group.

The Group's shareholders' equity stood at S$101.3 million as at 31 December 2020.

OUTLET & MALL MANAGEMENT	FY 2020	FY 2019
Revenue (S$'m)	92.4	120.1
Revenue Contribution (%)	48.0	50.6

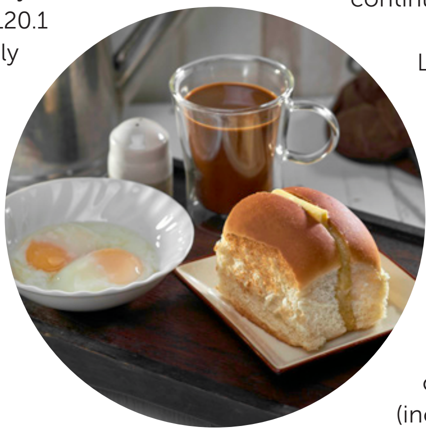
Earnings per share on a fully-diluted basis stood at 1.78 Singapore cents for FY 2020, as compared to 4.99 Singapore cents in FY 2019, while net asset value per share decreased to 18.21 Singapore cents as at 31 December 2020 compared to 18.44 Singapore cents as at 31 December 2019.

Outlet & Mall Management

Under the Outlet & Mall Management segment, in 2020, the Group's network included 51 food courts (inclusive of three food courts in Macau), 18 coffee shops and a commercial mall as at 31 December 2020.

Revenue for this segment declined by S$27.7 million to S$92.4 million, from S$120.1 million in FY 2019. This was largely attributable to the impact on the Group's variable fee income from stallholders affected by COVID-19 as a portion of the Group's revenue is directly linked to the performance of stallholders in certain food outlets, as well as lower fixed rental income as rental and property tax rebates granted by landlords and cash grants from government through landlords were passed on to the stall tenants.

Since Singapore entered Phase 2 of the Circuit Breaker on 19 June 2020, where dine-in services was allowed to resume, we have seen significant improvements in our footfall and revenue of food courts and coffee shops located at heartland areas. The outlets located near offices, downtown areas, tertiary institutions and tourist hotspots are still gradually recovering to pre-COVID-19 levels, as more people are returning to work and school. However, as international borders remained closed for the rest of 2020, food courts mainly frequented by tourists continued to see subdued footfall.



Looking forward, Koufu is set to further open three new food courts at Sun Plaza, Woodlands Height (Koufu's new headquarters) and Nanyang Technological University in the second quarter of 2021, to bring the total number of food courts and coffee shops to 54 (inclusive of three food courts in Macau) and 18 respectively by the next financial year end.

F&B Retail

The F&B Retail segment consists of 79 self-operated F&B stalls (inclusive of five F&B stalls in Macau), 39 F&B kiosks (inclusive of two in Macau and one in Malaysia), 186 authorised/licensed F&B outlets (including 122 in the Philippines through licensing agreement with Shakey's Pizza Asia Ventures Inc. and seven in Indonesia through licensing agreement with Supertea Indonesia), seven Quick-Service Restaurants ("**QSRs**") and four full-service restaurants, as at 31 December 2020.

FINANCIAL & OPERATIONS REVIEW

The F&B Retail segment, which makes up the other 52.0% of total revenue, contributed S$100.0 million in revenue in FY 2020, down 14.9% from S$117.4 million in FY 2019. This was mainly due to lower footfalls especially during the Circuit Breaker and Phase 1 periods which affected revenue of food courts and coffee shops near offices, downtown areas, tertiary institutions and tourist hot-spots, albeit there were improvements since Phase 2 of Circuit Breaker.

F&B RETAIL	FY 2020	FY 2019
Revenue (S$'m)	100.0	117.4
Revenue Contribution (%)	52.0	49.4

In July 2020, in line with our vertical integration strategy, Koufu made a synergistic and accretive acquisition of a key player in the traditional snacks and dough products segment, Deli Asia. The acquisition adds two local F&B brands – *Delisnacks* and *Dough Culture* – into the Koufu portfolio, offering Koufu revenue diversification and network expansion in complementary dim sum snacks and dough products. Additionally, the Group is able to reap economies of scale, increase productivity and capitalise on operating synergies upon consolidation of manufacturing capabilities of the Deli Asia group within Koufu's new HQ and integrated facility. As at 31 December 2020, there were eight *Dough Culture* outlets, from the seven outlets when the group was acquired, and 57 *Delisnacks* licensed F&B stalls. Koufu has further secured three new locations for *Dough Culture* at Singpost Centre, Sun Plaza and Oasis Terrace, set to open in the first half of 2021. Following the end of the year in review, the Group had opened the outlets at Singpost Centre and Sun Plaza.

In the same vein, to actively develop our concept brands in our target markets, we have made our maiden entry into the Philippines through a master franchise agreement with Shakey's Pizza Asia Ventures Inc. to expand our high growth tea beverage brands. Under the co-branding strategy, the master franchisee has rolled out selected *R&B Tea* drinks to 122 Shakey's and Peri Peri stores in the first year of business. Thereafter, it plans to open at least five self-operated standalone *R&B Tea* outlets.

Additionally, Koufu sold our stake in Supertea Indonesia and continued with a licensing arrangement with Supertea Indonesia instead, in a calculated move to reduce costs and streamline operations. Under the master licensee, there are now seven *R&B Tea* kiosks in Indonesia, with the opening of 2 new kiosks subsequent to year end.

The total number of self-operated *R&B Tea* outlets is at 28 in Singapore, two in Macau and one in Malaysia, as at end 2020. Subsequent to the year end, Koufu opened one *R&B Tea* kiosk at Fusionopolis in January 2021. Koufu has also further secured another lease at Sun Plaza, to be opened in Q2 2021. The Group will continue to look out for suitable locations to expand the footprint of *R&B Tea* in the markets of Singapore, Malaysia and Macau.

Following the strong reception of *Elemen* full-service restaurants that serve meatless cuisine, the Group plans to bring the restaurant overseas, tapping on the Group's accumulated network and experience.

2021 Outlet Openings At A Glance

Month	Brand	Location	F&B Outlets	Business Segment
		Singapore		
Jan 2020	Happy Hawkers	Blk 602 Tampines Avenue 9	Coffee Shop	Outlet & Mall Management
Jan 2020	Happy Hawkers	Blk 215 Compassvale Crescent	Coffee Shop	Outlet & Mall Management
Jan 2020	R&B Tea	Eastpoint Mall	F&B Kiosk	F&B Retail
Aug 2020	Dough Culture	Causeway Point Waterway Point NEX AMK Hub Northpoint Tampines Mall Changi City Point	F&B Kiosk	F&B Retail
Oct 2020	R&B Tea	Change Alley Mall	F&B Kiosk	F&B Retail
Oct 2020	Koufu	Le Quest	Food Court	Outlet & Mall Management
Dec 2020	R&B Tea	Le Quest	F&B Kiosk	F&B Retail
Dec 2020	Grove	Canberra Plaza	QSR	F&B Retail
Dec 2020	Dough Culture	Canberra Plaza	F&B Kiosk	F&B Retail
		Overseas		
Sep 2020	R&B Tea	Nova City, Macau	F&B Kiosk	R&B Tea
Sep 2020	Koufu	Nova City, Macau	Food Court	Outlet & Mall Management

Digitalisation & Technological Innovation

Koufu embraces technology as a key part of our productivity efforts, and is a firm believer in taking a holistic approach. We adopted automation and various technologies such as self-ordering and payment kiosks, smart tray return robots and RFID tray return system, to improve efficiencies and reduce the workload on staff.

Paradoxically, the COVID-19 pandemic has accelerated the growth of e-commerce, including making orders through mobile apps and cashless payments, effectively normalising such activities. Koufu is one of the first food court operators in Singapore to implement the NETS unified payment system across all our outlets. According to latest figures by the Department of Statistics, the proportion of online food sales has been increasing, and hit a peak in May 2020 at almost 45 per cent of food sales being recorded under online food sales[4]. We thus curated the *Koufu Eat* app for those who prefer ordering and paying via the app and coming over to pick up once their order is ready. The application was first launched in August 2018 and is currently implemented at most of our food courts and coffeeshops.

Since the start of the pandemic, we have also observed that there has been a constant and steady shift towards people utilising food delivery services. We have partnered with the major food delivery players in the industry, to expand the reach of our food. As a food court and coffee shop manager, we negotiate on behalf of our stall tenants with the food delivery partners on the terms and conditions, to secure competitive rates for all. We have also recently launched the delivery service to certain areas of Singapore in our application by partnering delivery vendors, allowing customers the flexibility to order a variety of food from different stalls within the same food court or coffee shop, paying one delivery service fee only. We will be gradually increasing the delivery coverage to include most parts of Singapore.

The automated traditional coffee/tea machines that we have launched to a few outlets were well received by the customers, where the quality of the drinks was more consistent. It also improves the productivity of our employees as we simplify the coffee/tea making processes, eliminating the dependency on a skilled coffee chef. We are targeting to launch these to about 20 of our outlets by mid-2022.

Outlook & Growth Plans

In line with Koufu's strategy to leverage on partners' expertise to expedite our network diversification, thereby strengthening income stream resiliency, Koufu had, during the year, completed the acquisition of traditional fried food and dough products group, Deli Asia.

At the same time, we furthered the Company's geographical reach within Asia to the Philippines with the signing of the master franchise agreement with Shakey's Pizza Asia Ventures Inc. to expand the *Supertea* and *R&B Tea* brands. This had yielded positive results with a growing network of 122 outlets as at end-2020.

Moving forward, Koufu will continue to capitalise on our multi-brand strategy to diversify and expand our portfolio of brands to include new and complementary F&B concepts and product offerings. This could potentially be done through strategic partnerships and/or joint venture opportunities with established and well-connected brands, to springboard Koufu's targeted expansion in the region.

Notwithstanding the delay caused by COVID-19, the Group looks forward to the completion of our integrated facility at Woodlands Avenue 12, which is expected to obtain its temporary occupation permit by 1H 2021. The seven-storey integrated facility, with a gross floor area of about 20,000 square metres is five times larger than our existing central kitchens and headquarters, and is seen as a growth catalyst, supporting the Group's growing business needs. The Group will be occupying 75% of the total Gross Floor Area, and has to-date achieved 100% tenancy for the central kitchen units to be tenanted out.

The Group expects to remain competitive through our emphasis on technological adoption and innovation, backed by our track record in identifying and introducing trademark concepts, to continue our efforts towards value creation, thereby enhancing our stakeholder value to investors and customers.

4 Department of Statistics, 5 Jan 2021. Retail Sales and Food & Beverage Services Index, Nov 2020.

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 outreach programmes and bursaries that support the same cause:

KOUFU ENDOWED BURSARY:

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

'GIVING BACK A BIT OF LOVE' CHARITY DRIVE:

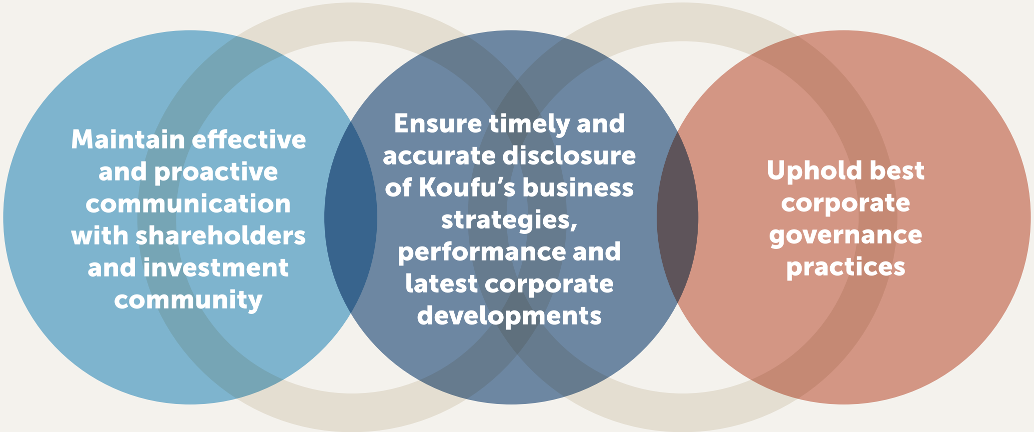
Koufu initiated #Koufucare Corporate Social Responsibility program since April 2020 to show appreciation to medical frontliners, migrant workers and those in need during the COVID-19 pandemic. Koufu rallied its employees to contribute funds for 'Giving Back A Bit Of Love' Charity Drive, a meaningful initiative that drives to spread love and kindness to show deep appreciation by providing meals for frontliners in healthcare institutions and migrant workers. With a total of close to S$30,000 successfully raised, all proceeds will go towards providing food for the medical frontliners and migrant workers. It is estimated that more than 7,000 Koufu's signature Coffee and Kaya Butter Bun sets, 1,000 main meals and 500 bubble teas were distributed.

DISTRIBUTION OF HARI RAYA MEALS:
In a bid to bring some Hari Raya joy amidst the COVID-19 period, Koufu has delivered a total of 1,000 lunch sets in May 2020, of which 900 halal sets were sent to foreign workers at nine dormitories in the West area and 100 vegetarian sets from *Elemen* restaurants were sent to the facility, Transit Point at Margaret Drive, a shelter for the homeless, rough-sleepers and stranded Malaysian, Singaporean and PR workers. This is in collaboration with Migrant Workers' Centre and their partners, Alliance of Guest Workers Outreach, a movement of Hope Initiative Alliance, for food distribution initiatives.

GIVE THE GIFT OF HOPE THIS MID-AUTUMN FESTIVAL:
Celebrating Mid-Autumn with the residents of Sun Love Home is one of the Koufu's on-going tradition.

We hope to bring smiles with a low-key celebration by sending mooncakes as our heartfelt festive greetings!

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 keep 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 numerous sell-side equity research analysts, buy-side fund managers and institutional investors during the financial year. Koufu is currently covered by six research houses[5] and had secured one unrated report during the financial year. The Group will continue building on these relationships going forward to improve the market's familiarity with the Group.

INVESTOR RELATIONS CALENDAR

FY 2020

7 January	Pulse of Asia Conference 2020 organised by DBS Vickers Securities
28 February	FY 2019 Results Announcement
2 February	FY 2019 Results briefing attended by sell-side equity analysts, family funds and boutique funds
10 March	Taiwan ASEAN Conference 2020 organised by UOB Kay Hian
5 June	FY 2019 Annual General Meeting
22 May	Business Updates on Impact of COVID-19 Announcement
11 August	1H 2020 Results Announcement
	1H 2020 Results briefing attended by sell-side equity analysts, family funds and boutique funds
18 August	Retail webinar hosted by Phillip Securities
14 October	Asian Gem Conference organised by UOB
19 November	Business Updates on Impact of COVID-19 Announcement

FY 2021

23 February	FY 2020 Results Announcement
24 February	FY 2020 Results briefing attended by sell-side equity analysts, family funds and boutique funds
26 April	FY 2020 Annual General Meeting

5 Coverage by Equity Research Houses:
– DBS Group Research
– UOB Kay Hian
– Lim & Tan Securities
– SAC Capital
– Phillip Capital
– CGS-CIMB

GROUP STRUCTURE

Koufu Group Limited *(incorporated in Singapore)*

- **Koufu Pte Ltd** *(incorporated in Singapore)* 100%
  - **Grove (S) Pte Ltd** *(incorporated in Singapore)* 100%
  - **Supertea (Int) Pte Ltd**[4] *(incorporated in Singapore)* 60%
  - **Koufu F&B Investment Pte Ltd** *(incorporated in Singapore)* 100%
    Investment holding co for JVs
  - **Supertea (S) Pte Ltd**[3] *(incorporated in Singapore)* 60%
    Retail kiosks and shops selling tea concepts
    - **Supertea R&B (Malaysia) Sdn Bhd** *(incorporated in Malaysia)* 100%
    - **R&B (Macau) Ltd** *(incorporated in Macau)* 100%
  - **Deli Kitchen Pte Ltd** *(incorporated in Singapore)* 100%
  - **1983 F&B Pte Ltd** *(incorporated in Singapore)* 100%
  - **Jurong West HC (637) LLP**[1] *(incorporated in Singapore)* 70%
    Operate 3 F&B stalls in JWHC to groom newbies into the hawker trade
  - **Abundance Holding Pte Ltd** *(incorporated in Singapore)* 100%
    Operating commercial mall like Punggol Plaza
  - **Hawker Management Pte Ltd** *(incorporated in Singapore)* 100%
    Operating Jurong West Hawker Centre
  - **Elemen F&B Pte Ltd** *(incorporated in Singapore)* 100%
    Meatless restaurants and QSR
    - **Elemen Fresh Pte Ltd**[5] *(incorporated in Singapore)* 100%
  - **Koufu Gourmet Pte Ltd** *(incorporated in Singapore)* 100%
    Operating Non-halal Central Kitchen
    - **Delijoy Pte Ltd** *(incorporated in Singapore)* 100%
      Operating Halal Central Kitchen
  - **Woodlands 548 Foodcourt Pte Ltd**[2] *(incorporated in Singapore)* 50%
  - **Koufu Macau Limited** *(incorporated in Macau)* 100%
    Operating foodcourts and food stalls in Macau
  - **Dough Culture Pte Ltd** *(incorporated in Singapore)* 100%
  - **Deli Asia (S) Pte Ltd** *(incorporated in Singapore)* 100%
  - **Dough Heritage Pte Ltd** *(incorporated in Singapore)* 100%
  - **Delisnacks Pte Ltd** *(incorporated in Singapore)* 100%

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 50.0% of Woodlands 548 Foodcourt Pte Ltd is held by Mr. Yam Ying Lim (holding 50.0%), whom is an unrelated third party.

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

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

5 Incorporated on 18 Jan 2021.

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
Member

Mr. Hoon Tai Meng
Members

NOMINATING COMMITTEE

Dr. Yu Lai Boon
Chairman

Mr. Pang Lim
Member

Mr. Hoon Tai Meng
Member

REMUNERATION COMMITTEE

Mr. Hoon Tai Meng
Chairman

Dr. Yu Lai Boon
Member

Mr. Tan Huay Lim
Member

COMPANY SECRETARY

Ms. Siau Kuei Lian
Ms. Teo Chia Hui
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

IN.CORP CORPORATE SERVICES PTE. LTD.
(formerly known as 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
1 Raffles Place #16-00
One Raffles Place (Tower 1)
Singapore 048616

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 together with its subsidiaries, the "Group") and the Board of Directors (the "Board") are committed to ensure that high standards of corporate governance are practised throughout 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 corporate governance practices based on the Principles and Provisions set out in the Singapore 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 2020 ("FY2020"), the Company has complied in all material aspects with the Principles and Provisions of the Code and where the Company has deviated from the Provisions set out in the Code, it has provided explanations for such deviations and the details of the alternative practices adopted by the Company which are consistent with the intent of the relevant Principles of the Code.

Outlined below are the policies, processes and practices adopted by the Group in compliance with the Principles and the spirit of the Code.

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 bring 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 principal roles and responsibilities of the Board 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 setting the Company's values, standards, policies and practices;

(f) Ensuring transparency and accountability to shareholders and key stakeholder groups; and

(g) Considering sustainability issues (including environmental and social factors) as part of the Company's overall strategy.

CORPORATE GOVERNANCE

Fiduciaries: All Directors are expected to objectively discharge their duties and responsibilities as fiduciaries, take decisions in the best interests of the Company at all times and ensures proper accountability within the Group. The Board has clear policies and procedures for dealing with conflicts of interest. Where a Director who has, or appears to have, a direct or deemed interest that may conflict with a subject matter under discussion by the Board will declare his or her interest and he or she will recuse himself or herself from discussions and information flow of the subject matter, and abstain from making any decisions on the subject matter.

Provision 1.1 of the Code

The Board has set desired organisational culture and implemented a code of conduct and ethics which the Group's employees are required to observe. The code of conduct and ethics embodies the Group's commitment to conduct its businesses in accordance with all applicable laws, rules and regulations and the highest ethical standards and provides a communicable and understandable framework for all Directors and the Group's employees to observe the principles of honesty, integrity, responsibility and accountability at all levels of the organisation and in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflict of interests.

Induction, Training and Development: The Company will provide a comprehensive orientation programme for incoming Directors upon them 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 Company's 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 ("First-time Directors") to attend appropriate courses, conferences or seminars, including the mandatory training conducted by the Singapore Institute of Directors in accordance to Rule 210(5)(a) of the SGX-ST Listing Manual or other training institutions in areas such as accounting, legal and industry-specific knowledge, at the expense of the Company, unless the First-time Director has been assessed by the NC to possess relevant experience. In assessing whether the First-time Director has the relevant experience, the NC will consider whether the experience is comparable to the experience of a person who has served as a director of an issuer listed on the SGX-ST, and the NC will disclose the reasons for such assessment in the Company's announcement of the First-time Director's appointment as director of the Company.

Provision 1.2 of the Code

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 Directors are updated regularly on changes to the SGX-ST Listing Manual and the Code, as well as on 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 Secretary would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company. The Directors are encouraged to attend relevant training courses and seminars to update themselves in the discharge of Directors' duties and responsibilities, and to keep themselves updated and familiarised with such new changes. 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. During FY2020, all the Directors have attended various training courses conducted by the Singapore Institute of Directors and other professional firms.

CORPORATE GOVERNANCE

Matters reserved for the Board: The Group has formalised a set of internal guidelines for matters reserved for the Board's approval and which have clearly communicated to the Management in writing. These include:

Provision 1.3 of the Code

(a) Business strategies 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 and 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, the Company Secretary and terms of reference for the Board Committees;

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

(i) Convening of general meetings.

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

Board Committees: To assist in the execution of its responsibilities, the Board is supported by three (3) 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 (which sets out their respective duties, authority, responsibilities and accountability to the Board) and operating procedures, and they 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 the Board Committees. The terms of reference of the respective Board Committees, as well as other relevant information on the Board Committees, can be found in the subsequent sections, of this Corporate Governance Report.

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

CORPORATE GOVERNANCE

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 half-yearly 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 Board Committee allow the Directors to participate in Board and Board Committees meetings by means of telephone, 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 will ensure that sufficient time and attention are given to the affairs of the Company.

Provision 1.5 of the Code

The number of Board and Board Committees meetings and attendance of each Director at such meetings (where relevant) for FY2020 are set out in the table below.

		Board	Audit and Risk Management Committee	Nominating Committee	Remuneration Committee
No. of meetings held during FY 2020		7	4	2	3
Board member	**Role(s)**				
Mr. Pang Lim	Executive Chairman, Chief Executive Officer ("CEO") and member of the NC	7	4*	2	3*
Mdm. Ng Hoon Tien	Executive Director	7	4*	2*	3*
Dr. Yu Lai Boon	Lead Independent Non-Executive Director, Chairman of the NC and member of the ARMC and RC	7	4	2	3
Mr. Tan Huay Lim	Independent Non-Executive Director, Chairman of the ARMC and member of RC	7	4	2*	3
Mr. Hoon Tai Meng	Independent Non-Executive Director, Chairman of the RC and member of ARMC and NC	7	4	2	3

* By invitation

Board information: The Management provides the Board with complete and adequate information prior to Board and Board Committees meetings and on an ongoing basis, 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. Such information includes Board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and summaries of disclosure documents, budgets, forecasts and periodic financial statements.

Provision 1.6 of the Code

CORPORATE GOVERNANCE

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 in advance of Board and Board Committees meetings to facilitate the effective discharge of their duties.

Board's access: The Board has separate and independent access to the senior Management team, the Company Secretary and external advisers (where necessary) at all times. *Provision 1.7 of the Code*

The Company Secretary and/or her 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 therein include advising the Board on governance matters, facilitating the orientation of new Directors and assisting the Chairman of the Board in ensuring information flow within the Board and its Board Committees and between the Management and the Directors. The Company Secretary will also provide the Board with updates on the requirements of the regulations and legislations that are applicable to the Company. The appointment and removal of the Company Secretary is to be decided by the Board as a whole.

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

BOARD COMPOSITION AND GUIDANCE

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

Board composition: The Board consists of five (5) members comprising the Executive Chairman who is also the Chief Executive Officer, 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 SGX-ST Listing Manual and 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 assessed by the Board (after taking into account the NC's views) in accordance with the SGX-ST Listing Manual, the Code and the accompanying Practice Guidance. *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 or her independence. The "Confirmation of Independence" form was drawn up based on the definitions and guidelines set forth in Provision 2.1 of the Code and the Nominating Committee Guide issued by Singapore Institute of Directors, and requires each Director to assess whether he or she considers himself or herself independent despite not having any of the relationships identified in the Code. The Directors are also required to disclose to the Board any such relationships as and when they arises and the Board will state the reasons if it determines that a Director is independent notwithstanding the existence of such relationships or circumstances which might suggest otherwise.

CORPORATE GOVERNANCE

The NC has reviewed the independence 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 SGX-ST Listing Manual.

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 (9) years.

Independent Directors: The composition of the Board complies with the Provision 2.2 of the Code where Independent 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 the Management team, 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 by the NC at least annually to ensure that the Board has the appropriate mix of expertise, skills, knowledge, experience, and other aspects of diversity such as age and gender diversity so as to avoid groupthink and foster constructive debate and 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 Company recognises and embraces the importance and benefits of having a diverse Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. Diversity enhances the Board's decision-making capability and ensures that the Company has the opportunity to benefit from all available talent and perspectives. A diverse Board will include and make good use of differences between the directors in terms of skills, knowledge, industry and business experiences, and other aspects of diversity such as gender and age across the core competencies of accounting, legal and regulatory, business or management experiences and industry knowledge to avoid groupthink and foster constructive debate. The objectives of diversity have been clearly spelt out in the Board Diversity Policy which has been formalised and adopted by the Board in FY2020.

The current Board, which has remained the same since the initial public offering of the Company, comprises of one (1) female Director and four (4) male Directors with an age group ranging between fifty (50) to seventy (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 and its board committees provides diversity of gender, age, industry knowledge and expertise in areas such as food & beverages, business management, real estate, legal, audit and accounting. This diversity, together with clear allocation of roles and responsibilities, 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 Company has considered diversity in the appointment of the Directors of the Company when it was listed on the Mainboard of the SGX-ST on 18 July 2018, taking into consideration the recommendations of the Corporate Governance Council as set out in the Consultation Paper on Recommendations of the Corporate Governance Council dated 16 January 2018. 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.

CORPORATE GOVERNANCE

The Board Diversity Policy clearly spells out the considerations to be used in determining the composition of the Board so that, as a whole, it reflects a range of viewpoints. Appointment of new directors will be considered based on merit and assessed against a range of criteria including the candidates' demonstrated business sense and judgement, skills and expertise, independence, market and industry knowledge (and may include elements such as accounting, financial, legal, sustainability or other specific competency, geographical representation and business background) which the Board as a whole requires to be effective. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit and with due regard for the benefits of diversity on the Board. In the process of searching for qualified persons to serve on the Board, the NC shall strive for the inclusion of diverse groups and viewpoints. The NC also considers the personal qualities and integrity of the candidate while also assessing the candidate's ability to commit time to the affairs of the Company, taking into consideration the candidate's other principal commitments and present directorships. The NC reviews and assesses Board composition and recommends the appointment of new directors for Board's approval. In reviewing Board composition, the NC will consider the benefits of all aspects of diversity, including but not limited to those described above. The final decision on selection of directors will be based on merit after giving due regard to the overall balance and effectiveness of the Board.

Regular meetings for Independent Directors: Where appropriate, the Lead Independent Non-Executive Director meets regularly with the other Independent Non-Executive Directors without the presence of the Executive Directors and the Management. The Lead Independent Non-Executive Director 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

CORPORATE GOVERNANCE

The Board notes that Provision 3.1 of the Code requires the Chairman and CEO to be separate persons 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, which is not in strict compliance with Provision 3.1 of the Code. However, the Board believes that there is a strong independent element on the Board which enables the Board to exercise independent decision-making separate from the Management. The Independent Non-Executive Directors are also encouraged to constructively challenge and help develop proposals on strategy. Their views and opinions provide alternative perspectives to the Group's business. As recommended by Provision 3.3 of the Code, Dr. Yu Lai Boon has been appointed as the Lead Independent Non-Executive Director and a majority of the Board's composition is occupied by Independent Directors. In addition, the ARMC, NC and RC comprise either fully or a majority of the Independent Directors. Each of the ARMC, NC and RC are also chaired by Independent Directors. The Board believes that the Independent Directors have demonstrated high commitments in their roles as Directors and have ensured that there is a good balance of power and authority on the Board.

As such, although the roles and responsibilities of the Chairman and the CEO are vested in Mr. Pang Lim, the Board believes that the current composition of the Board is able to make an objective and prudent judgement of the Group's corporate affairs separate from Management and that there are sufficient safeguards and checks to ensure that the Board's decision making process is independent and based on collective decisions without any individual or small group of individuals exercising any unfettered or considerable concentration of power or influence. In addition, the Board with the concurrence of the NC, believes that the vesting of the roles of both the Chairman and the CEO in Mr. Pang Lim who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. Given the foregoing, the Board believes that there is no need for the role of the Chairman and the CEO to be separated for the Company.

Lead Independent Director: The Lead Independent Non-Executive Director, being Dr. Yu Lai Boon is available to Shareholders where they have concerns and for which contact through the normal channels of the Chairman or the Chief Financial Officer ("CFO") are inappropriate or inadequate. The Lead Independent Non-Executive Director will also provide leadership to the Board in the event where the Chairman is not independent. *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 (i) the Board as a whole; (ii) each of the Board Committees; and (iii) each individual Director. The Chairman of the NC is Dr. Yu Lai Boon, who is also the Lead Independent Non-Executive Director. *Provision 4.2 of the Code*

The composition of the NC is as follows:–

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

CORPORATE GOVERNANCE

Nominating Committee role: The NC makes recommendations to the Board on all Board appointments. The NC has adopted a formal set of terms of reference approved by the Board. The key responsibilities of the NC 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 and determining the independence of the Directors in accordance with the Code and other salient factors, along with issues of conflicts of interest;

(c) Reviewing the structure, composition and progressive renewal of the Board and Board Committees annually to ensure that the Board and Board Committees are of an appropriate size and comprise Directors who, as a group, provide an appropriate balance and diversity of skills, expertise, gender, age, knowledge and core competencies of the Company;

(d) Making recommendations to the Board on the adoption of board diversity policy and progress made towards implementing the board diversity policy as well as its objectives on an annual basis;

(e) Providing a reasonable assessment of the ability of a Director to diligently discharge his or her duty as a Director, taking into consideration, among others, the Director's number of listed company directorships and other principal commitments;

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

(g) Making recommendations to the Board on the development of the process and criteria for evaluation of the performance of the Board, its Board Committees and the Directors;

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

(i) Making recommendations to the Board on matters relating to the appointment and re-appointment of Directors (including alternate Directors, if any); and

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

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 has 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 SGX-ST Listing Manual. Sufficient information will accompany all resolutions for the Director appointments and re-appointments or re-election to enable the Board to make informed decisions.

Provisions 4.3 and 4.4 of the Code

CORPORATE GOVERNANCE

Pursuant to the Company's Constitution, one-third of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) but not less than one-third (1/3) shall retire by rotation and that all Directors shall retire at least once every three (3) years and such retiring Director shall be eligible for re-election at each annual general meeting ("AGM") of the Company. 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 AGM and shall be eligible for re-election. Each member of the NC shall abstain from deliberation in respect to his nomination as a Director.

Rule 720(6) of the SGX-ST

The NC has recommended to the Board that Dr. Yu Lai Boon and Mr. Tan Huay Lim 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 Dr. Yu Lai Boon and Mr. Tan Huay Lim, who are retiring at the forthcoming AGM as Directors of the Company. The details of Dr. Yu Lai Boon and Mr. Tan Huay Lim who will be retire by rotation at the forthcoming AGM to be held on 26 April 2021 are disclosed in the Directors' Profile on page 15 of this Annual Report. The details of the Directors seeking for re-election are set out in pages 60 to 66 of this Annual Report.

Provision 4.5 of the Code

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 (3) years in other listed companies, and other principal commitments, whether executive or non-executive, are set out in pages 58 to 59 of this Annual Report.

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 FY2020, 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 FY2020.

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.

Provision 5.1 of the Code

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 based on an objective performance criteria and process.

CORPORATE GOVERNANCE

Provision 5.2 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 FY2020, 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, the CEO and top management and the Directors' standards of conduct.

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 FY2020 as the NC currently does not view this as necessary. However, the NC has full authority to engage an 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: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and Key Management Personnel. No director is involved in deciding his or her own remuneration.

Provision 6.2 of the Code

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 6.1 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. The key responsibilities of the RC include:

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

(b) To review and recommend to the Board, for the endorsement of the entire Board, the specific remuneration packages for each of the Directors and Key Management Personnel;

CORPORATE GOVERNANCE

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

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

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

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

(g) To review and approve the terms of all share option plans, performance share plans and/or other equity based plans and benefits in kind (including the potential size of grants, methodology of valuing options, exercise price of options, the vesting schedule and justifications for terms adopted).

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 FY2020.

Provision 6.3 of the Code

Remuneration experts: The Company has not engaged any remuneration consultants in FY2020 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.

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. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success 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 by taking into consideration the performance and the contributions of the officer of the Company and giving due regard to the financial and business performance of the Group.

Provisions 7.1 and 7.3 of the Code

CORPORATE GOVERNANCE

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. Remuneration packages have been structured to focus on achieving sustainable performance and create value in the short, medium, and long term taking into account strategic objectives and business model of the Group. With sustainable creation of value for the Company's key stakeholders, comprising, among others, customers, employees, shareholders and vendors, these performance-related remuneration ensures the Company remains focused on the path to achieving long-term success.

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, motivate 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 RC, 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 Board 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. The Group currently does not offer any termination or retirement benefits to the Directors and executive officers.

CORPORATE GOVERNANCE

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: As disclosed above, the remuneration package for Executive Directors comprises a base fixed salary component and a variable 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. The Board believes that the variable annual incentive bonus aligns the compensation of the Executive Directors with the performance of the Group, which will in turn be dependent on the value creation by each of the Executive Directors towards the Company and/or the Group.

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 the 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 both their individual areas of responsibility and of the interests of the Company's shareholders in terms of value creation. In addition, the Group advocates a win-win strategy for all stakeholders including the employees, stall tenants, suppliers and customers. As such, key performance indicators are set for Key Management Personnel such as (i) revenue growth; (ii) operating margins; and (iii) return on equity targets, which help to align their remuneration with the interests of the Group's stakeholders and our value creation to the stakeholders.

The Board believes that the current remuneration framework establishes sufficient relationships between remuneration, performance and value creation and also 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 (who are not Directors or the Chief Executive Officer) remuneration for FY2020 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$250,000 and below S$500,000					
Pang Lim	100	–	–	–	100
Ng Hoon Tien	100	–	–	–	100
Up to S$250,000					
Yu Lai Boon	–	–	–	100	100
Tan Huay Lim	–	–	–	100	100
Hoon Tai Meng	–	–	–	100	100

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 2020

CORPORATE GOVERNANCE

The aggregate remuneration paid or payable to the Directors is S$810,000 for FY2020.

Provisions 8.1(b) and 8.3 of the Code

Name of Key Management Personnel (who are not Directors or the Chief Executive Officer)	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	65	35	–	100
Choo Teck Chuan	Chief Operating Officer	77	23	–	100
Up to S$250,000					
Li Dong(2)	General Manager, Kiosks Division	100	0	–	100
Zann Quek(3)	General Manager, Food Business Development	94	6	–	100
Kueh Teck Hoe	General Manager, Restaurants Division	88	12	–	100
Ng Lian Leck	Head, Procurement	75	25	–	100

The aggregate total remuneration paid to the abovenamed top six (6) Key Management Personnel for FY2020 is approximately S$1,001,000.

Notes:
(1) Salary is inclusive of fixed allowance and CPF contribution
(2) Appointed as the General Manager, Kiosks Division on 9 September 2020
(3) Appointed as the General Manager, Food Business Development on 2 June 2020

Save as disclosed above, none of the Directors and the Key Management Personnel has received any other payments and benefits for FY2020.

Although the KFSP is in place, the Company had not granted share awards to any employees and Directors under the KFSP in FY2020.

Provision 8.2 of the Code

Immediate family member of Directors or Substantial Shareholders: Mr. Pang Lim, the Executive Chairman and CEO and Mdm. Ng Hoon Tien, Executive Director of the Company are also substantial shareholders of the Company and their remuneration are disclosed in bands of S$250,000 on page 42 of the Annual Report.

Ms. Ng Lian Leck is Mdm. Ng Hoon Tien's sister, whose remuneration exceeds S$100,000 in the financial year ended 31 December 2020. The Company uses the same basis for determining the compensation of the related employees and the compensation of other unrelated employees.

CORPORATE GOVERNANCE

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 2020 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	75	25	–	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

The Company supports and is aware of the need for transparency in its breakdown of its remuneration paid to each Director and Key Management Personnel, in accordance with the Provision 8.1 of the Code. However, after much deliberation, the Board is of the view that full disclosure of the specific remuneration figures paid to each of the Directors and Key Management Personnel is not in the best interests of the Company or its stakeholders. The Board had taken into consideration the highly competitive market in which the Group operates, the confidential nature and commercial sensitivity of remuneration matters, the relative size of the Group and the negative impact such disclosure may have on the Group in attracting and retaining talent at the Board level and the Key Management Personnel level on a long term basis. As such, the Board believes that a disclosure of the absolute remuneration figures may be detrimental to the Company's talent management, retention and recruitment initiatives. As an alternative, the Company has disclosed the name and remuneration of each individual Director, the CEO and the Key Management Personnel within bands of S$250,000 and in aggregate, the total remuneration paid to the Directors and the Key Management Personnel (who are not Directors or the CEO). Having considered the foregoing, the Board believes that such disclosure is not inconsistent with the intent of Provision 8 of the Code as shareholders are still given information on the level and mix of remuneration in percentage terms and that the interests of shareholders will not be prejudiced as a result of such non-disclosure of the total remuneration in dollar terms for the Directors as well as Key Management Personnel.

Performance conditions: The short-term incentive 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.

C. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

CORPORATE GOVERNANCE

Provision 9.1 of the Code

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.

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 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 of occurrence 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, including identification of new key risks that may arose following developments of the business.

CORPORATE GOVERNANCE

Information Technology (IT) 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 of 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 and the internal auditor (PwC) conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks, while the external auditor (KPMG LLP) conducts reviews and annual audits that involve the testing of accounting controls including financial, operational, compliance and information technology controls. 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: The Board receives assurance from the CEO and CFO that the Company's financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

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

In addition, the CEO and the Key Management Personnel who are responsible have also given assurance to the Board that the Company's risk management and internal control systems are adequate and 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 FY2020, the Board, with concurrence from the ARMC, is of the opinion that as at 31 December 2020, 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 controls 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 judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE

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. Two (2) members of the ARMC, being Mr. Tan Huay Lim and Mr. Hoon Tai Meng, have recent and relevant accounting or related financial management expertise or experience. 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:

(a) To assist the Board in discharging its statutory responsibilities on financing and accounting matters;

(b) To review the financial statements, significant financial reporting issues and judgments of the Company and of the Group with management and external auditors (where applicable) before submission to the Board, so as to ensure the integrity, correctness, completeness and consistency of the financial statements of the Company and any formal announcements relating to the financial performance of the Company and of the Group;

(c) To review the scope and results of the external audit and its cost effectiveness;

(d) To review the adequacy, effectiveness, independence and objectivity of the external auditors annually and state (i) the aggregate amount of fees paid to the external auditors for that financial year and (ii) a breakdown of the fees paid in total for audit and non-audit services, respectively, or an appropriate negative statement, in the Company's annual report. Where the external auditors also supply a substantial volume of non-audit services to the Company, to review the nature and extent of such services, seeking to maintain objectivity;

(e) To review, with the external auditors, the audit plan, the audit report and their evaluation of the system of internal accounting controls including financial, operational, compliance and information technology controls as well as to monitor and review the Group's and management's implementation of any recommendations to address any internal control weaknesses highlighted by the external auditor;

(f) To review the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

CORPORATE GOVERNANCE

(g) To review the internal control procedures and ensure co-ordination between the external auditors and the Company's management, to review the assistance given by the Company's management and officers to the auditors, and to discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the Company's management where necessary);

(h) To review the assurance from the CEO and the CFO on the financial records and financial statements; and the CEO and other Key Management Personnel who are responsible, regarding the adequacy and effectiveness of the Company's risk management and internal control systems;

(i) To review and report to the Board at least annually, (i) the adequacy and effectiveness of the Company's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls (such review can be carried out internally or with the assistance of any competent third parties) and (ii) the implementation of risk treatment plans in relation to the foregoing;

(j) To review the statements to be included in the annual report concerning the adequacy and effectiveness of the Group's risk management and internal controls systems, including financial, operational, compliance controls, and information technology controls;

(k) To review regulatory compliance matters, at least on a quarterly basis, with a view to ensuring that adequate rectification measures are taken for past breaches as well as new initiatives implemented to mitigate and reduce the risks of future breaches;

(l) To review any interested person transactions (including transactions under any general mandate as may from time to time be approved by shareholders of the Company pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**")) and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Listing Manual, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

(m) To ensure that the internal audit function is adequately resourced and has appropriate standing within the Company;

(n) To review, with the internal auditors, the internal audit plan, the scope and results of the internal audit procedures and monitor management's response to their findings to ensure that appropriate follow-up measures are taken, and at least annually, the independence, adequacy and effectiveness of the internal audit function;

(o) To make recommendations to the Board on the proposals to shareholders on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor;

(p) To review the adequacy of and approve procedures put in place related to any hedging policies to be adopted by the Group; and

(q) To review the whistleblowing policy and incidents reported, and that arrangements are in place for the independent investigation of such matters and for appropriate follow up action to be taken.

CORPORATE GOVERNANCE

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 is adequately qualified (given, among others, its adherence to standards set by internationally recognised professional bodies), has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Group given, among others, its involvement in certain ARMC meetings and its unfettered access to all documents, records, properties and personnel, including access to the ARMC.

In assessing the engagement of PwC for the internal audit function, the ARMC has also ensured that the Internal Audit function is staffed with qualified and experienced personnel. PwC, as the outsourced internal auditor, is one of the big four international audit firms and has the relevant experience in conducting internal audit exercises. In addition, the engagement team for the internal audit function comprises of an internal Audit Partner and a Senior Manager, who have more than twenty (20) and ten (10) years of relevant experience in the provision of, among others, auditing, risk management and internal controls advisory work, respectively.

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 FY2020, PwC performed internal audit over key business processes and the alignment of internal controls of the new business acquired during the year, in accordance with the approved 2 years 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 had conducted a review of the internal audit function and based on its review, it has concluded that the internal audit function is adequately resourced, effective and independent for FY2020.

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 in page 132 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.

Rule 1207(6)(a), (b) and (c) of the SGX-ST

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

CORPORATE GOVERNANCE

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. The existence of the Whistleblowing Policy and procedures for raising such concerns are clearly communicated to employees. 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 FY2020, the ARMC has, among others, (i) reviewed the quarterly and annual financial statements of the Group, as well as the quality and reliability of information for inclusion in financial reports, policies and practices put in place by the Management; (ii) reviewed the nature, volume and disclosure of Interested Person Transactions; (iii) recommended the re-appointment of the external auditors; and (iv) 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 a direct impact on financial statements were reported to and discussed with the ARMC by the external auditors, in order for the ARMC members to keep abreast of changes to such accounting standards and issues.

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

ARMC's Commentary on significant financial reporting matters

The significant financial reporting matters considered by the ARMC with both the Management and the external auditors in relation to the Group's financial statements for FY2020 were as follows:-

Valuation of property, plant and equipment

The valuation of property, plant and equipment of S$191,095,000 as disclosed in the note to the financial statements, 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 judgements made by the Management in forecasting the future cash flows of loss-making outlets, namely food courts, coffee shops, kiosks and quick-service restaurant.

The external auditors had 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$3,473,000 was recognised in the income statement for FY2020 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.

CORPORATE GOVERNANCE

Accounting for Deli Asia Group acquisition

The Group acquired 100% equity interests in Deli Asia Group comprising of Deli Asia (S) Pte Ltd, Dough Culture Pte Ltd, Delisnacks Pte Ltd and Dough Heritage Pte Ltd for a purchase consideration of S$21,770,000 in July 2020.

The Management assessed that Deli Asia Group acquisition constituted a business and should be accounted for using the acquisition method in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 3: *Business Combinations* which requires determination of the acquisition date as well as recognition the identifiable assets and liabilities assumed to be measured at fair value in accordance with SFRS(I) 13: *Fair Value Measurement*.

The ARMC held discussions with the Management and the external auditors and is satisfied that the acquisition of Deli Asia Group has been properly accounted for as a transaction by applying the acquisition method in compliance with SFRS(I) 3: *Business Combinations*.

The ARMC also held discussions with Management and the independent professional valuer to review the appropriateness of the valuation methodologies and reasonableness of the key assumptions applied by the valuer in arriving at the fair value of the identifiable assets and liabilities including brand name of S$1,688,000 and customer relationship of S$1,605,000 as well as the goodwill arising from the acquisition of Deli Asia Group of S$12,658,000 as disclosed in the note to the financial statements.

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

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 prior to such 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

CORPORATE GOVERNANCE

The Company will review its Constitution from time to time and make such amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing its continuing listing obligations in the SGX-ST Listing Manual.

eAGM: Amid the COVID-19 pandemic and pursuant to the applicable laws and regulations then in force, the AGM for FY2019 was held by way of electronic means ("eAGM") to ensure shareholders will be able to attend, participate effectively and to appoint the Chairman of the eAGM to act as their proxy and to direct their votes at the eAGM. Shareholders were also given the opportunity to submit questions in advance of the eAGM which had been addressed by the Company prior to the eAGM. Shareholders of the Company had been briefed on the rules governing the eAGM for FY2019 and its relevant voting procedures prior to the eAGM. The Company will be holding eAGM for FY2020.

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 SGX-ST 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. Where the issues are interdependent and linked so as to form one significant proposal in a "bundled" resolution, the Company will explain the reasons and material implications of the "bundled" resolutions in the notices of such meetings given to shareholders.

Provision 11.2 of the Code

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

Provision 11.3 of the Code

Minutes of general meetings: Minutes of general meetings recording the substantial and relevant comments and queries relating to the agendas of the general meetings raised by shareholders, together with responses from the Board and Management, are prepared by the Company Secretaries. Once approved by the Board, these minutes will be published on the Company's corporate website.

Provision 11.5 of the Code

Dividend Policy: The Group does not have a fixed dividend policy. The declaration and payment of dividends each year will take into consideration the Group's financial results, cash position, positive cash flow generated from operations, projected capital requirements for business growth, expansion plans and such other factors as the Board may deem appropriate. Consistent with the previous years in 2018 and 2019, the Board has recommended dividends of at least 50% of the Company's net profit after tax generated in FY2020 (after deducting profit attributable to non-controlling interests). Considering the Group's financial performance for FY2020, an interim dividend of Singapore 0.5 cent tax-exempt (one-tier) per share has been paid on 3 September 2020, and the Board has recommended a proposed final dividend of Singapore 0.7 cents tax-exempt (one-tier) per share for the approval of shareholders at the forthcoming AGM to be held on 26 April 2021. Subject to the proposed final dividend being approved, the total dividend in respect of FY2020 will be 1.2 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.

CORPORATE GOVERNANCE

Communication: The Board 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

(a) 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 and the Singapore Financial Reporting Standards;

(b) half-yearly announcements containing a summary of the financial information and affairs of the Group for the corresponding period; and

(c) 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 instructions on accessing the Annual Report online with the option of receiving a printed option of the Annual Report, a notice of AGM and a proxy form with instructions on the appointment of proxies by post.

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 Shareholders 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 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

CORPORATE GOVERNANCE

Provision 12.3 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 28 of this Annual Report.

Dealing in Securities: The Company has adopted an internal compliance code of conduct ("Internal Code") 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 one month before the announcement of the Company's financial results for its half yearly and 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 Internal Code 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 Internal Code 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.

CORPORATE GOVERNANCE

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 the 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 mandate 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 SGX-ST 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 SGX-ST 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 ARMC, the relevant information will be submitted to the 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 SGX-ST Listing Manual) are complied with.

The Interested Person Transactions undertaken by the Group in FY2020 are set out in pages 157 to 158 of this Annual Report.

USE OF PROCEEDS

The use of IPO proceeds is disclosed on page 158 of this Annual Report.

CORPORATE GOVERNANCE

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 operators, employees, suppliers, landlords, investors, media, government institutions and the communities it serves. The Company maintains its Company's website to communicate and engage with the stakeholders. In addition, the Group will be issuing its second sustainability report for FY2020 in 2021 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. The Company's strategy and key areas of focus in relation to stakeholder engagement and the management of stakeholder relationships can also be found in its sustainability report.

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.

CORPORATE GOVERNANCE

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.

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 is 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 Group 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, including providing education to our future generations that can create positive impact on the society and for talent development.

CORPORATE GOVERNANCE

Key information regarding the Directors are set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Relationships with Directors, the Company or shareholders who holds 10% and above	Present Directorships and Chairmanships in Other Listed Companies and Major Appointments	Past 3 Years Directorships and Chairmanships in Other Listed Companies and Major Appointments
Pang Lim	15 November 2017	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	5 June 2020	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

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
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) Privately-owned Company 1. Linklogis Inc.	Listed Companies 1. Hong Leong Asia Ltd. Privately-owned Companies 1. Xihe Holdings (Pte) Ltd. (under judicial management since 13 November 2020) 2. Xihe Capital (Pte) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020)
Hoon Tai Meng	28 June 2018	5 June 2020	Nil	**Other Principal Commitment:** Senior Consultant of RHTLaw Asia LLP Listed Companies 1. Sin Ghee Huat Corporation Ltd 2. Hock Lian Seng Holdings Limited 3. Aedge Group Limited 4. Federal International (2000) Limited	Listed Companies 1. Chip Eng Seng Corporation Ltd 2. Pavillon Holdings Ltd

CORPORATE GOVERNANCE

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	Yu Lai Boon	Tan Huay Lim
Date of Appointment	28 June 2018	28 June 2018
Date of last re-election	24 April 2019	24 April 2019
Age	57	64
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 Dr. Yu's performance as the Lead Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr. Tan's performance as an Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title	Lead Independent Non-Executive Director, Chairman of Nominating Committee, Member of Audit and Risk Management Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Audit and Risk Management Committee, Member of Remuneration Committee
Professional Qualifications	Bachelor of Science in Estate Management with Honours and a Master of Science in Estate Management from the National University of Singapore and a Doctor of Philosophy from the University of Aberdeen in Scotland, United Kingdom Member of the Singapore Institute of Surveyors and Valuers.	Bachelor of Commerce in Accountancy from Nanyang University of Singapore Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants (United Kingdom) and the Certified Practising Accountants (Australia).
Working experience and occupation(s) during the past 10 years	Group Chief Investment Officer of Dubai World Holdings – July 2006 to April 2010 Member, Advisory Panel to Singapore Land Authority (SLA) – July 2014 to July 2016 Associate Professor (Adjunct), Faculty of Architecture & Built Environment, National University of Singapore – March 2014 to December 2015	Mr. Tan served as a partner at KPMG Singapore for 23 years until his retirement in September 2015.

CORPORATE GOVERNANCE

Name of Director	Yu Lai Boon	Tan Huay Lim
Shareholding interest in the listed issuer and its subsidiaries	Dr. Yu holds 100,000 shares of the Company	Mr. Tan is deemed to be interested in the 100,000 shares of the Company held by a nominee company
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	None	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	**Other Principal Commitment:** None **Present Directorship:** TSH Corporation Ltd Storck Bicycle (Asia Pacific) Pte. Ltd. **Past Directorship (for the past 5 years):** Nil	**Other Principal Commitment:** None **Present Directorship:** Zheneng Jinjiang Environment Holding Company Limited Dasin Retail Trust Management Pte. Ltd., the Trustee Manager of Dasin Retail Trust (a Business Trust listed on the Singapore Stock Exchange) ASL Marine Holdings Ltd Elite Commercial REIT Management Pte. Ltd. (The Manager of Elite Commercial REIT) Linklogis Inc. **Past Directorship (for the past 5 years):** Hong Leong Asia Ltd. Singapore Hokkien Huay Kuan Ren Ci Hospital Xihe Holdings (Pte) Ltd (under judicial management since 13 November 2020) Xihe Capital (Pte) Ltd. (in liquidation pursuant to a members' voluntary winding up since 22 October 2020)

CORPORATE GOVERNANCE

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

Name of Director		Yu Lai Boon	Tan Huay Lim
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	Mr Tan was (i) a director from 1 July 2020 to 28 August 2020 for Xihe Holdings (Pte) Ltd., an investment holding company incorporated in Singapore, which was placed under interim judicial management on 13 August 2020 and under judicial management on 13 November 2020; and (ii) a director from 1 July 2020 to 28 August 2020 of Xihe Capital (Pte) Ltd., an investment holding company incorporated in Singapore, which has been placed in liquidation pursuant to a members' voluntary winding up since 22 October 2020.
(c)	Whether there is any unsatisfied judgment against him?	No	No

CORPORATE GOVERNANCE

Name of Director		Yu Lai Boon	Tan Huay Lim
(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

CORPORATE GOVERNANCE

Name of Director		Yu Lai Boon	Tan Huay Lim
(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	No	No

CORPORATE GOVERNANCE

Name of Director		Yu Lai Boon	Tan Huay Lim
(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	On 23 March 2009, Mr. Tan was interviewed by the Commercial Affairs Department ("CAD") in his capacity as a member of the Management Committee of Ren Ci Hospital & Medical Centre ("RCHMC") in connection with CAD's investigations in the affairs of RCHMC. For avoidance of doubt, Mr. Tan was not the subject of the foregoing investigations and following the interview, Mr. Tan has not been required by the CAD to provide any further assistance in the matter for which he was interviewed. RCHMC, which was registered as a society under the Societies Act, Chapter 311 of Singapore, was voluntarily dissolved on 31 March 2013.
(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?			

CORPORATE GOVERNANCE

Name of Director		Yu Lai Boon	Tan Huay Lim
(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?	Yes	Yes
	If yes, please provide details of prior experience.	Dr. Yu has been a Director of the Company since 28 June 2018	Mr. Tan has been a Director of the Company since 28 June 2018. He is currently an Independent Non-Executive Director of four other companies listed on the Mainboard of the SGX-ST.
	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.	N.A.	N.A.
	Please provide details of relevant experience and the NC's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.

DIRECTORS' STATEMENT

Year ended 31 December 2020

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 2020.

In our opinion:

(a) the financial statements set out on pages 76 to 156 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 2020 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	428,048,800	428,048,800

DIRECTORS' STATEMENT

Year ended 31 December 2020

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	428,048,800	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 2021.

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

DIRECTORS' STATEMENT

Year ended 31 December 2020

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 five 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 2020

The Audit and Risk Management Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly 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

6 April 2021

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 2020, 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 76 to 156.

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 2020 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 $3,473,000 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Koufu Group Limited

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.

Accounting for acquisition of 100% equity interest in Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd. (collectively known as "Deli Group")

(Refer to note 33 to the financial statements)

Risk

On 30 July 2020, the Group completed the acquisition of 100% equity interest in Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd., (collectively known as "Deli Group") for a total purchase consideration of $21,770,000. This was accounted for by measuring the net assets acquired at the acquisition date at their respective fair value, and the difference between the purchase consideration and the fair value of the net assets acquired of $12,658,000 is recognised as goodwill arising from the acquisition.

The acquisition accounting was significant to our audit due to the judgement involved in the identification and measurement of all the assets acquired and liabilities assumed.

Our response

We performed the following audit procedures, among others:

- reviewed the sales and purchase agreements and other related documents to understand the terms of Deli Group acquisition;

- considered the objectivity, independence and competency of external specialists, and the scope of their engagement;

- evaluated the Group's identification of assets acquired and liabilities assumed and the valuation methodologies and key assumptions used in the measurement of these assets acquired and liabilities assumed;

- considered the adequacy of disclosures of the acquisitions in the financial statements.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Koufu Group Limited

Our findings

Based on our procedures and assessment, we noted that the accounting method adopted by the Group for the acquisition and the valuation methodologies and the key assumptions used to measure the fair value of the identifiable assets acquired and liabilities assumed are appropriate.

The external specialists are members of recognised professional bodies and have considered its own independence in carrying out its work.

We have also assessed the appropriateness and the adequacy of the Group's disclosure in note 33 to the financial statements.

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.

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Koufu Group Limited

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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Koufu Group Limited

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
6 April 2021

STATEMENTS OF FINANCIAL POSITION

Year ended 31 December 2020

	Note	Group 2020 $'000	Group 2019 $'000	Company 2020 $'000	Company 2019 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	4	**191,095**	209,989	**–**	–
Goodwill and intangible assets	5	**15,983**	150	**1**	1
Investment properties	6	**14,940**	19,867	**–**	–
Subsidiaries	7	**–**	–	**1,000**	1,000
Associates	8	**–**	–*	**–**	–
Other investments	9	**1,600**	1,600	**–**	–
Deferred tax assets	10	**1,897**	455	**–**	–
Trade and other receivables	12	**13,178**	10,434	**–**	–
Total non-current assets		**238,693**	242,495	**1,001**	1,001
Current assets					
Inventories	11	**1,810**	1,435	**–**	–
Trade and other receivables	12	**19,961**	9,955	**42,205**	42,222
Time deposits		**3,057**	4,600	**–**	–
Cash and cash equivalents	13	**76,352**	90,396	**9,390**	13,814
Assets held for sale	14	**1,742**	–	**–**	–
Total current assets		**102,922**	106,386	**51,595**	56,036
Total assets		**341,615**	348,881	**52,596**	57,037
LIABILITIES					
Current liabilities					
Trade and other payables	18	**43,964**	41,179	**280**	104
Lease liabilities	19	**64,701**	63,250	**–**	–
Loans and borrowings	20	**2,672**	605	**–**	–
Current tax liabilities		**3,484**	6,019	**276**	247
Provision for reinstatement cost	21	**1,584**	1,524	**–**	–
Total current liabilities		**116,405**	112,577	**556**	351
Non-current liabilities					
Trade and other payables	18	**5,206**	7,369	**–**	–
Lease liabilities	19	**102,927**	117,631	**–**	–
Loans and borrowings	20	**11,046**	4,113	**–**	–
Deferred tax liabilities	10	**762**	81	**–**	–
Provision for reinstatement cost	21	**4,003**	4,096	**–**	–
Total non-current liabilities		**123,944**	133,290	**–**	–
Total liabilities		**240,349**	245,867	**556**	351
EQUITY					
Share capital	15	**44,961**	44,961	**44,961**	44,961
Treasury shares	16	**(350)**	(240)	**(350)**	(240)
Foreign currency translation reserve	17	**(340)**	(389)	**–**	–
Retained earnings		**56,741**	57,953	**7,429**	11,965
Equity attributable to owners of the Company		**101,012**	102,285	**52,040**	56,686
Non-controlling interest		**254**	729	**–**	–
Total equity		**101,266**	103,014	**52,040**	56,686
Total equity and liabilities		**341,615**	348,881	**52,596**	57,037

* 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 2020

	Note	2020 $'000	2019 $'000
Revenue	22	**192,375**	237,507
Other income	23	**15,336**	5,723
Cost of inventories consumed		**(33,930)**	(36,917)
Staff costs		**(35,995)**	(39,901)
Depreciation of investment properties and property, plant and equipment		**(76,175)**	(76,551)
Property rentals and related expenses		**(31,723)**	(42,520)
Distribution and selling expenses		**(1,228)**	(806)
Administrative expenses		**(5,448)**	(5,011)
Impairment loss on trade and other receivables		**(1,901)**	(247)
Other operating expenses		**(5,238)**	(3,957)
Results from operating activities		**16,073**	37,320
Finance income	24	**422**	851
Finance costs	24	**(4,898)**	(4,433)
Net finance costs		**(4,476)**	(3,582)
Share of profit of associates, net of tax	8	**–**	220
Profit before tax		**11,597**	33,958
Tax expense	25	**(1,958)**	(6,122)
Profit for the year	26	**9,639**	27,836
Profit attributable to:			
Owners of the Company		**9,880**	27,688
Non-controlling interest		**(241)**	148
Profit for the year		**9,639**	27,836
Earnings per share			
Basic and diluted earnings per share (cents)	27	**1.78**	4.99

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Profit for the year		**9,639**	27,836
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**49**	(102)
Total other comprehensive income for the year		**49**	(102)
Total comprehensive income for the year		**9,688**	27,734
Total comprehensive income attributable to:			
Owners of the Company		**9,929**	27,586
Non-controlling interest		**(241)**	148
Total comprehensive income for the year		**9,688**	27,734

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	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)	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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

		Attributable to owners of the Company						
	Note	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 2020		44,961	(240)	(389)	57,953	102,285	729	103,014
Total comprehensive income for the year								
Profit for the year		–	–	–	9,880	9,880	(241)	9,639
Other comprehensive income								
Foreign currency translation differences		–	–	49	–	49	–	49
Total other comprehensive income		–	–	49	–	49	–	49
Total comprehensive income for the year		–	–	49	9,880	9,929	(241)	9,688
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Dividends paid	15(b)	–	–	–	(11,092)	(11,092)	(320)	(11,412)
Purchase of treasury shares	16	–	(110)	–	–	(110)	–	(110)
Total contributions by and distributions to owners		–	(110)	–	(11,092)	(11,202)	(320)	(11,522)
Change in ownership interests in subsidiaries								
Issuance of new shares to non-controlling interest of subsidiary		–	–	–	–	–	436	436
Disposal of subsidiary with non-controlling interest	34	–	–	–	–	–	(350)	(350)
Total change in ownership interests in subsidiaries		–	–	–	–	–	86	86
Total transactions with owners		–	(110)	–	(11,092)	(11,202)	(234)	(11,436)
At 31 December 2020		44,961	(350)	(340)	56,741	101,012	254	101,266

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from operating activities			
Profit for the year		**9,639**	27,836
Adjustments for:			
Amortisation of intangible assets		**271**	59
Depreciation of investment properties		**4,302**	5,134
Depreciation of property, plant and equipment		**71,873**	71,417
Finance costs		**4,898**	4,433
Finance income		**(422)**	(851)
(Gain)/Loss on disposal of property, plant and equipment		**(6)**	120
Gain on acquisition of subsidiary		**–**	(5)
Gain on disposal of associate		**(1)**	–
Gain on lease modification		**(472)**	(99)
Impairment loss on property, plant and equipment		**3,473**	1,077
Impairment loss on trade and other receivables, net		**1,901**	247
Loss on disposal of subsidiary		**3**	–
Reversal of impairment loss on investment properties		**–**	(86)
Share of profit of associates		**–**	(220)
Write off of property, plant and equipment		**60**	101
Tax expense		**1,958**	6,122
		97,477	115,285
Changes in:			
Inventories		**(255)**	(137)
Trade and other receivables		**(14,585)**	834
Trade and other payables		**(3,348)**	184
Cash generated from operations		**79,289**	116,166
Tax paid		**(6,310)**	(6,063)
Net cash generated from operating activities		**72,979**	110,103
Cash flows from investing activities			
Acquisitions of subsidiaries	33	**(16,067)**	1,135
Disposal of subsidiary with non-controlling interests	34	**212**	–
Interest received		**361**	793
Net investments in associates		**1**	221
Proceeds from disposal of property, plant and equipment		**19**	513
Purchase of:			
– intangible assets		**(30)**	(66)
– property, plant and equipment		**(15,606)**	(26,903)
Withdrawal of time deposits with bank		**1,543**	30,400
Net cash (used in)/generated from investing activities		**(29,567)**	6,093

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Note	2020 $'000	2019 $'000
Cash flows from financing activities			
Capital contribution from non-controlling interest		**436**	204
Dividends paid to equity holders of the Company		**(11,092)**	(12,210)
Dividends paid by a subsidiary to non-controlling interests		**(320)**	–
Interest paid		**(4,478)**	(4,301)
Payment of lease liabilities		**(50,884)**	(64,447)
Proceeds from loans and borrowings		**10,000**	520
Purchase of treasury shares		**(110)**	(240)
Repayment of loan from fellow subsidiary of immediate and ultimate holding company		**(110)**	(5,705)
Repayment of loans and borrowings		**(1,000)**	(577)
Net cash used in financing activities		**(57,558)**	(86,756)
Net (decrease)/ increase in cash and cash equivalents		**(14,146)**	29,440
Cash and cash equivalents at 1 January		**90,396**	60,979
Effect of exchange rate fluctuations on cash held		**102**	(23)
Cash and cash equivalents at 31 December	13	**76,352**	90,396

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 April 2021.

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 2020 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.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are disclosed in note 7 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I)s 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 – impairment losses of property, plant and equipment.

Measurement of fair values

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

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

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

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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

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 6 – investment properties
- Note 30 – financial risk management
- Note 33 – acquisition of subsidiaries

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 2020:

- *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)
- *Interest Rate Benchmark Reform* (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

The Group applied the amendments relating to definition of business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or group of assets. The details of accounting policies are set out in note 3.1(i). See also note 33 for details of the Group's acquisition of subsidiaries during the year.

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 the acquired set of activities and assets meet the definition of business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activates acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basic of consolidation (cont'd)

(i) Business combinations (cont'd)

The Group has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basic of consolidation (cont'd)

(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 (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.

Investments in associates 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basic of consolidation (cont'd)

(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) Subsidiary in the separate financial statements

Investments in subsidiary is 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

(ii) Foreign operations (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

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 – 10 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties (cont'd)

(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 2 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 Goodwill and intangible asset

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Goodwill and intangible asset (cont'd)

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) 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.

(v) 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
Brand	15 years
Customer relationship	5 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

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 either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - 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.

Transferred assets are not derecognised when 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

(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) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transactions costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

(vii) 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.

(viii) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases

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.

(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 right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

(i) As a lessee (cont'd)

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.

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".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Measurement of ECLs

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

Credit-impaired financial assets

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

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

- significant financial difficulty of the 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

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

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

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

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Employee benefits (cont'd)

(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.

(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, which is determined based on incremental costs necessary to fulfil the obligation under the contracts. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue (cont'd)

(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.

3.13 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 other income upon receipt.

Government grants related to assets are initially recognised by deducting the grant in calculating the carrying amount of the asset, when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss on a systematic basis over the useful life of the asset as a reduced depreciation expense.

Other government grants are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis in the periods in which the related expenses are recognised. Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other income" on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents, other investments, and overdue trade receivables. 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, loan from fellow subsidiary of immediate and ultimate holding company and derivative liability – interest rate swaps, accretion of discount implicit in rental deposits from tenants and rental deposits placed with landlords and change in fair value of derivative liability. 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.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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, measured 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax (cont'd)

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;
- 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

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.

3.17 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 (Results from operating activities)

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 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 2020 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 amendments to 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.

- SFRS(I) 17 *Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to SFRS(I) 1-1)
- *Covid-19-Related Rent Concessions* (Amendment to SFRS(I) 16)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- *Reference to the Conceptual Framework* (Amendments to SFRS(I) 3)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to SFRS(I) 1-16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to SFRS(I) 1-37)
- *Annual Improvements to SFRS(I)s 2018 – 2020*

The International Accounting Standards Board ("IASB") had issued two amendments to standards, Amendments to IAS 8 *Definition of Accounting Estimates* and Amendments to IAS 1 and IFRS Practice Statement 2 *Disclosure of Accounting Policies* on 12 February 2021. These amendments are effective for annual periods beginning on or after 1 January 2023. However, these amendments are not yet adopted and issued in Singapore. The Group is still in the process of assessing the potential impact on its financial statements and to implement the amendments. The Group does not plan to early adopt these amendments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT

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

	Note	2020 $'000	2019 $'000
Group			
Property, plant and equipment owned		**42,218**	39,763
Right-of-use assets, excluding investment property	31	**148,877**	170,226
		191,095	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	Under construction $'000	Total $'000
Group									
Cost									
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		–	8,185	4,012	–	689	457	15,967	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		4,130	52,749	38,807	2,136	4,556	3,648	15,967	121,993
At 1 January 2020		**4,130**	**52,749**	**38,807**	**2,136**	**4,556**	**3,648**	**15,967**	**121,993**
Acquisitions of subsidiaries	33	**520**	**578**	**53**	**975**	**31**	**266**	**–**	**2,423**
Additions		**–**	**2,458**	**1,843**	**16**	**333**	**227**	**9,896**	**14,773**
Write-off		**–**	**(1,037)**	**(1,197)**	**(134)**	**(101)**	**–**	**–**	**(2,469)**
Disposal		**–**	**–**	**(6)**	**–**	**(9)**	**(134)**	**–**	**(149)**
Reclassification from intangible assets	5	**–**	**–**	**12**	**–**	**–**	**–**	**–**	**12**
Reclassification to assets held for sale	14	**(4,130)**	**–**	**–**	**–**	**–**	**–**	**–**	**(4,130)**
Reinstatement cost		**–**	**373**	**–**	**–**	**–**	**–**	**–**	**373**
Effect of movements in exchange rates		**–**	**(220)**	**(50)**	**–**	**(4)**	**–**	**–**	**(274)**
At 31 December 2020		**520**	**54,901**	**39,462**	**2,993**	**4,806**	**4,007**	**25,863**	**132,552**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property, plant and equipment owned (cont'd)

	Note	Leasehold properties $'000	Renovation $'000	Furniture and fittings, office equipment and computers $'000	Plant and machinery $'000	Kitchen equipment $'000	Motor vehicles $'000	Under construction $'000	Total $'000
Group									
Accumulated depreciation and impairment loss									
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
At 1 January 2020		**2,223**	**39,281**	**32,561**	**1,808**	**3,675**	**2,682**	**–**	**82,230**
Depreciation for the year		**176**	**6,823**	**3,969**	**475**	**526**	**408**	**–**	**12,377**
Impairment loss		**–**	**549**	**299**	**–**	**80**	**–**	**–**	**928**
Write-off		**–**	**(1,000)**	**(1,175)**	**(134)**	**(100)**	**–**	**–**	**(2,409)**
Disposal		**–**	**–**	**(4)**	**–**	**(6)**	**(126)**	**–**	**(136)**
Reclassification from intangible assets	5	**–**	**–**	**3**	**–**	**–**	**–**	**–**	**3**
Reclassification to assets held for sale	14	**(2,388)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,388)**
Effect of movements in exchange rates		**–**	**(201)**	**(64)**	**–**	**(6)**	**–**	**–**	**(271)**
At 31 December 2020		**11**	**45,452**	**35,589**	**2,149**	**4,169**	**2,964**	**–**	**90,334**
Carrying amounts									
At 1 January 2019		2,070	9,663	7,168	683	764	1,035	–	21,383
At 31 December 2019		1,907	13,468	6,246	328	881	966	15,967	39,763
At 31 December 2020		**509**	**9,449**	**3,873**	**844**	**637**	**1,043**	**25,863**	**42,218**

* Less than $1,000

Company

As at 31 December 2020 and 2019, the Company did not hold any property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 pre-tax discount rate, Food & Beverage ("F&B") revenue growth rate, F&B sales gross profit margin and rental occupancy growth rate. The pre-tax discount rate used of 8.4% (2019: 6.1%) 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.

In 2020, the Group assessed the recoverable amount of the CGUs which are loss making and determined that twenty (2019: six) CGUs are not expected to have any recoverable amount, or with carrying amount exceeding its recoverable amount. Accordingly, an impairment loss of $3,473,000 (2019: $1,077,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5 GOODWILL AND INTANGIBLE ASSETS

	Note	Goodwill $'000	Brand $'000	Customer relationship $'000	Computer software $'000	Total $'000
Group						
Cost						
At 1 January 2019		–	–	–	680	680
Additions		–	–	–	66	66
Write-off		–	–	–	(3)	(3)
At 31 December 2019		–	–	–	743	743
At 1 January 2020		**–**	**–**	**–**	**743**	**743**
Acquisition of subsidiaries	33	**12,658**	**1,688**	**1,605**	**132**	**16,083**
Addition		**–**	**–**	**–**	**30**	**30**
Reclassification to property, plant and equipment	4	**–**	**–**	**–**	**(12)**	**(12)**
Write-off		**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2020		**12,658**	**1,688**	**1,605**	**889**	**16,840**
Accumulated amortisation						
At 1 January 2019		–	–	–	537	537
Amortisation during the year		–	–	–	59	59
Write-off		–	–	–	(3)	(3)
At 31 December 2019		–	–	–	593	593
At 1 January 2020		**–**	**–**	**–**	**593**	**593**
Amortisation during the year		**–**	**47**	**134**	**90**	**271**
Reclassification to property, plant and equipment	4	**–**	**–**	**–**	**(3)**	**(3)**
Write-off		**–**	**–**	**–**	**(4)**	**(4)**
At 31 December 2020		**–**	**47**	**134**	**676**	**857**
Carrying amounts						
At 1 January 2019		–	–	–	143	143
At 31 December 2019		–	–	–	150	150
At 31 December 2020		**12,658**	**1,641**	**1,471**	**213**	**15,983**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

5 GOODWILL AND INTANGIBLE ASSETS (CONT'D)

	Computer software $'000
Company	
Cost	
At 1 January 2019, 31 December 2019 and 31 December 2020	1
Accumulated amortisation	
At 1 January 2019	–*
Amortisation during the period	–*
At 31 December 2019	–*
At 1 January 2020	**–***
Amortisation during the year	**–***
At 31 December 2020	**–***
Carrying amounts	
At 1 January 2019	1
At 31 December 2019	1
At 31 December 2020	**1**

* Less than $1,000

Annual impairment test for cash-generating unit containing goodwill

On 30 July 2020, the Group completed the acquisition of 100% equity interests of Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd. (collectively known as the "Deli Group").

In ascertaining the recoverable amount of Deli Group, the Group was of the view that the total consideration amounting to $21,770,000 adjusted for any changes in value arising from factors since acquisition was representative of Deli Group's fair value less costs of disposal, given that there were no significant events since the date of acquisition to 31 December 2020 that would have resulted in a significant reduction in the fair value. In this context, the recoverable amount approximated the carrying amount as at 31 December 2020, and accordingly, the goodwill of $12,658,000 was not impaired.

6 INVESTMENT PROPERTIES

Investment properties comprise owned and leased assets.

	Note	2020 $'000	2019 $'000
Group			
Investment properties owned		**13,052**	13,015
Right-of-use assets	31	**1,888**	6,852
		14,940	19,867

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6 INVESTMENT PROPERTIES (CONT'D)

	Note	Investment properties owned $'000
Cost		
At 1 January 2019, 31 December 2019 and 1 January 2020		**15,955**
Acquisitions of subsidiaries	33	**840**
At 31 December 2020		**16,795**
Accumulated depreciation		
At 1 January 2019		2,190
Depreciation for the year		836
Reversal of impairment loss		(86)
At 31 December 2019		2,940
At 1 January 2020		**2,940**
Depreciation for the year		**803**
At 31 December 2020		**3,743**
Carrying amounts		
At 1 January 2019		13,765
At 31 December 2019		13,015
At 31 December 2020		**13,052**

	Group	
	2020 $'000	**2019 $'000**
Statement of comprehensive income		
Revenue	**10,551**	11,337
Property rentals and related expenses	**2,137**	2,193

Details of properties held by the Group as at 31 December 2020 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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6 INVESTMENT PROPERTIES (CONT'D)

Details of properties held by the Group as at 31 December 2020 were as follows (cont'd):

Description	Location	Tenure/ Unexpired term
Industrial unit in a 11-storey light and general industrial development	50 Gambas Crescent #09-12 Proxima @ Gambas Singapore 757022	30-year lease commencing 25 November 2014
Industrial unit in a 11-storey light and general industrial development	50 Gambas Crescent #09-13 Proxima @ Gambas Singapore 757022	30-year lease commencing 25 November 2014

The above mentioned properties are rented 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 $15,840,000 (2019: $27,660,000) as at 31 December 2020.

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 and comparable sales method (2019: capitalisation method or discounted cash flow 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

6 INVESTMENT PROPERTIES (CONT'D)

Based on the independent professional valuations undertaken in 2020, no impairment or reversal of impairment loss was recognised (2019: reversal of impairment loss of $86,000).

Reversal of impairment loss were included in "other operating expenses" in 2019.

7 SUBSIDIARIES

	Company	
	2020	**2019**
	$'000	**$'000**
Unquoted equity shares, at cost	**1,000**	1,000

As at 31 December 2020, the subsidiaries of the Group are as follows:

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2020 %	2019 %
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
Deli Kitchen Pte. Ltd. [1,5]	Leasing of spaces for food processing	Singapore	**100**	–
Deli Asia (S) Pte. Ltd. [1,4]	Processing of food products	Singapore	**100***	–
Delisnacks Pte. Ltd. [1,4]	Sale of food products	Singapore	**100***	–
Dough Culture Pte. Ltd. [1,4]	Operation of retail outlets	Singapore	**100***	–
Dough Heritage Pte. Ltd. [1,4]	Sale of food products	Singapore	**100***	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7 SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal activities	County of incorporation	Effective equity interest held by the Group 2020 %	2019 %
Subsidiaries of Koufu Pte Ltd (cont'd)				
Elemen F&B Pte. Ltd.[1]	Operations of restaurants and cafes	Singapore	**100**	100
Grove (S) Pte. Ltd.[1,6]	Operations of cafes and retail outlets	Singapore	**100**	100
Hawker Management Pte. Ltd.[1]	Management and operation of hawker centre	Singapore	**100**	100
Jurong West HC (637) LLP[3,7]	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[3,8]	Management and operation of food courts	Hong Kong	**–**	100
Super Tea (S) Pte. Ltd.[1,7]	Operation of retail outlets	Singapore	**60**	60
Supertea (Int) Pte. Ltd.[1,7,9]	Leasing of intangible assets	Singapore	**60**	60
Woodlands 548 Foodcourt Pte Ltd[1,7]	Management and operation of food courts	Singapore	**50**	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[3,7]	Operation of retail outlets	Macau	**60**	60
Supertea R&B (Malaysia) Sdn Bhd [2,7,10]	Operation of retail outlets	Malaysia	**60**	60
PT Super Tea Indonesia [7,11,12]	Operation of retail outlets	Indonesia	**–**	55

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7 SUBSIDIARIES (CONT'D)

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 These subsidiaries were acquired on 30 July 2020
5 This subsidiary was incorporated on 31 March 2020
6 This subsidiary was incorporated on 11 April 2019
7 These subsidiaries have non-controlling interests that are not material to the Group.
8 This subsidiary was deregistered on 15 September 2020
9 This subsidiary was incorporated on 30 May 2019
10 This subsidiary was incorporated on 3 June 2019
11 This subsidiary was incorporated on 30 December 2019
12 This subsidiary was disposed on 30 December 2020
* On 30 July 2020, the Group acquired 100% equity interests in Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd and were accounted for as subsidiaries from that date (see note 33).
** 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).

8 ASSOCIATES

	Group 2020 $'000	Group 2019 $'000
Interests in associates	–	–*

As at 31 December 2020, the associates of the Group are as follows:

Name of associates	Principal activities	County of incorporation	Effective equity interest held by the Group 2020 %	Effective equity interest held by the Group 2019 %
Associate of Koufu Pte. Ltd.				
Woodlands 548 Foodcourt Pte Ltd[1]	Management and operation of food courts	Singapore	–	–**
Associate of Koufu F&B Investment Pte. Ltd.				
Hock Kee F&B Pte Ltd[2,3]	Operation of retail outlets	Singapore	–	30

1 Audited by KPMG LLP, Singapore
2 Not required to be audited in accordance with the laws of country of incorporation
3 The associate has been struck off on 8 June 2020
** 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).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

8 ASSOCIATES (CONT'D)

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

	Group	
	2020	**2019**
	$'000	**$'000**
Group's interests in net assets of associates at 1 January	**–***	262
Group's share of profit for the year	**–**	220
Disposed during the year	**–***	(221)
Carrying amount of interest in associate acquired as subsidiary	**–**	(261)
Carrying amount of interest in associates at 31 December	**–**	–*

* Less than $1,000

9 OTHER INVESTMENTS

	Group	
	2020	**2019**
	$'000	**$'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% (2019: 2.05%) per annum and matures in 2022.

10 DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Property, plant and equipment	**1,897**	455	**(233)**	(81)
Intangible assets and goodwill	**–**	–	**(529)**	–
Deferred tax assets/ (liabilities)	**1,897**	455	**(762)**	(81)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

10 DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in deferred tax balances

	At 1 January 2020 $'000	Recognised in profit or loss (note 25) $'000	Acquisitions of subsidiaries (note 33) $'000	Exchange difference $'000	At 31 December 2020 $'000
Group					
Deferred tax assets/ (liabilities)					
Intangible assets and goodwill	**–**	**31**	**(560)**	**–**	**(529)**
Property, plant and equipment	**374**	**1,508**	**(199)**	**(19)**	**1,664**
	374	**1,539**	**(759)**	**(19)**	**1,135**

	At 1 January 2019 $'000	Recognised in profit or loss (note 25) $'000	Acquisitions of subsidiaries (note 33) $'000	Exchange difference $'000	At 31 December 2019 $'000
Group					
Deferred tax assets/ (liabilities)					
Property, plant and equipment	614	(240)	–	–*	374

* Less than $1,000

11 INVENTORIES

	Group 2020 $'000	Group 2019 $'000
Food and beverages	**1,306**	1,007
Consumable materials	**504**	428
	1,810	1,435

In 2020, inventories of $33,930,000 (2019: $36,917,000) were recognised as an expense during the year and included in "cost of inventories consumed".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current				
Lease incentives	1,455	–	–	–
Less: Impairment loss allowance	(183)	–	–	–
Net lease incentives	1,272	–	–	–
Prepayments	–	11	–	–
Rental deposit placed with				
– fellow subsidiary of immediate and ultimate holding company	–	536	–	–
– landlords	11,906	9,887	–	–
	13,178	10,434	–	–
Current				
Trade receivables				
– third parties	3,570	1,271	2	–
– subsidiary	–	–	61	61
Less: Impairment loss allowance	(1,615)	(1,085)	–	–
Net trade receivables	1,955	186	63	61
Non-trade amounts due from related parties				
– immediate and ultimate holding company	–	–*	–	–
– subsidiary	–	–	91	131
Loan to subsidiary	–	–	42,000	42,000
Other receivables	1,027	947	22	–
Grant receivable	3,155	–	–	–
Lease incentives	5,772	–	–	–
Less: Impairment loss allowance	(830)	–	–	–
Net lease incentives	4,942	–	–	–
Prepayments	1,984	1,948	28	30
Prepayments for property, plant and equipment	756	–	–	–
Refundable receipts from landlords	833	637	–	–
Rental deposits placed with fellow subsidiary of immediate and ultimate holding company	524	–	–	–
Rental deposits placed with landlords and other deposits	4,785	6,237	1	–
	19,961	9,955	42,205	42,222
Total trade and other receivables	33,139	20,389	42,205	42,222

* Less than $1,000

Lease incentives

The lease incentives relate to rent concessions that are granted to tenants as a direct consequence of the Covid-19 coronavirus pandemic.

Grant receivables

Included in the grant receivable is job support scheme receivable amounting to $3,155,000 (2019: Nil). (See note 18)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12 TRADE AND OTHER RECEIVABLES (CONT'D)

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 subsidiary

The loans to subsidiary is unsecured, bear an interest of 2.59% – 3.75% (2019: 3.75%) per annum and repayable on demand.

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.

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**76,352**	90,396	**9,390**	13,814

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 0.24% (2019: 1.67%) per annum, as at 31 December 2020.

14 ASSETS HELD FOR SALE

In December 2020, the Group has committed to a plan to sell two leasehold properties located at 18 and 20 Woodlands Terrace. Accordingly, these leasehold properties have been presented as assets held for sale. Efforts to sell the properties have started, with an sale expected in 2021 (see note 35).

At 31 December 2020, the assets were stated at their carrying amount as follows:

		Group	
	Note	**2020**	**2019**
		$'000	**$'000**
Assets held for sale			
Property, plant and equipment	4	**1,742**	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15 SHARE CAPITAL

	Group and Company	
	No. of shares '000	$'000
Fully paid ordinary shares, with no par value		
At 1 January 2019, at 31 December 2019 and at 31 December 2020	**555,163**	44,961

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 9.78% (2019: 27.07%) for year ended 31 December 2020. 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.

(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 and Company	
	2020 $'000	2019 $'000
Paid by the Company to owners of the Company		
0.5 cents (2019: 1.0 cents) per share, interim	**2,773**	5,548
2019: 1.5 cents (2018: 1.2 cents) per share, final	**8,319**	6,662
	11,092	12,210

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

15 SHARE CAPITAL (CONT'D)

(b) Dividends (cont'd)

	Group	
	2020	**2019**
	$'000	**$'000**
Paid by a subsidiary to NCI		
0.5 cents per share, interim	**320**	–

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 and Company	
	2020	**2019**
	$'000	**$'000**
0.7 cents per qualifying ordinary share (2019: 1.5 cents)	**3,882**	8,322

16 TREASURY SHARES

	Group and Company	
	No of shares	
	'000	**$'000**
At 1 January 2020	**349**	**240**
Purchased during the year	**198**	**110**
At 31 December 2020	**547**	**350**
At 1 January 2019	–	–
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 198,000 (2019: 349,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

18 TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 $'000	2019 $'000	2020 $'000	2019 $'000
Non-current					
Refundable rental deposit from tenants		**5,206**	7,369	**–**	–
Current					
Trade payables					
– third parties		**5,143**	4,563	**–**	–
Accrued operating expenses		**11,904**	15,791	**280**	89
Amount payables for purchase of property, plant and equipment		**4,726**	4,803	**–**	–
Contingent consideration	33	**1,934**	–	**–**	–
Deferred income		**2,532**	–	**–**	–
Derivative liability – interest rate swaps		**137**	–	**–**	–
Goods and services tax payables (net)		**1,109**	956	**–**	–
Interest payable on loan and borrowings		**20**	–	**–**	–
Loan from fellow subsidiary of immediate and ultimate holding company		**–**	110	**–**	–
Non-trade amounts due to subsidiary		**–**	–	**–**	–*
Refundable receipts from tenants		**9,076**	8,941	**–**	–
Refundable rental deposits from tenants		**3,699**	1,790	**–**	–
Rental income received in advance		**139**	27	**–**	–
Other payables		**3,545**	4,198	**–**	15
		43,964	41,179	**280**	104
Total trade and other payables		**49,170**	48,548	**280**	104

* Less than $1,000

The deferred income relates to Singapore government grants initiative of the Jobs Support Scheme ("JSS") announced in the Unity Budget. The purpose of the JSS is to provide wage support to employees to help them retain their local employee (Singapore Citizens and Permanent Residents) during the period of economic uncertainty. The Singapore government will co-fund the wage of local employees for 17 months till September 2021. The grants are initially recognised as deferred income at fair value when the Group received the grant. These grants are then recognised in profit and loss as "other income" on a systematic basis in the periods which the expenses are recognised.

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% in 2019. This loan has been fully repaid in Jan 2020.

The non-trade amounts due to subsidiary is unsecured, interest-free and repayable on demand.

The Group and the Company's exposure to currency risk and to liquidity risk related to trade and other payable are disclosed in note 30.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 LEASE LIABILITIES

	Group	
	2020	**2019**
	$'000	**$'000**
Non-current	**102,927**	117,631
Current	**64,701**	63,250
	167,628	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 2020					
Lease liabilities	SGD	1.40% – 3.00%	2021 – 2024	**132,393**	**129,444**
Lease liabilities	Malaysian ringgit	3.00%	2022	**60**	**59**
Lease liabilities	Macanese Pataca	2.73% – 3.25%	2023 – 2026	**41,714**	**38,125**
				174,167	**167,628**
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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

19 LEASE LIABILITIES (CONT'D)

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

	Note	Liabilities Lease liabilities $'000
Group		
Balance at 1 January 2020		**180,881**
Changes from financing cash flows		
Payment of lease liabilities		**(50,884)**
Interest paid		**(4,386)**
Total changes from financing cash flows		**(55,270)**
Change arising from obtaining control of subsidiary	33	**1,364**
Other changes		
Liability-related		
Lease modification/termination		**29,004**
Interest expense		**4,386**
New leases		**7,263**
Total liability-related other changes		**40,653**
Balance at 31 December 2020		**167,628**
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	33	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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 LOANS AND BORROWINGS

	Group	
	2020	**2019**
	$'000	**$'000**
Non-current		
Secured bank loans	**11,046**	4,113
Current		
Secured bank loans	**2,672**	605
	13,718	4,718

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 2020					
Secured bank loans					
- floating rate loans	SGD	0.92% – 1.90%	2025 – 2026	**13,718**	**13,718**
At 31 December 2019					
Secured bank loans					
- floating rate loan	SGD	2.50% – 2.70%	2026	4,718	4,718

The secured bank loans are secured on the following assets:

	Group	
	2020	**2019**
	$'000	**$'000**
Carrying amounts of assets		
Leasehold properties	**27,610**	1,907
Investment properties	**6,064**	6,314
	33,674	8,221

As at 31 December 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 LOANS AND BORROWINGS (CONT'D)

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

	Liabilities			Derivatives liability	
	Loan from fellow subsidiary of immediate and ultimate holding company $'000	**Loans and borrowings $'000**	**Interest payable on loan and borrowings $'000**	**Interest rate swap $'000**	**Total $'000**
Group					
Balance at 1 January 2020	110	4,718	–	–	4,828
Changes from financing cash flows					
Proceeds from loans and borrowings	–	10,000	–	–	10,000
Repayment of loan from fellow subsidiary of immediate and ultimate holding company	(110)	–	–	–	(110)
Repayment of loans and borrowings	–	(1,000)	–	–	(1,000)
Interest paid	–*	–	(92)	–	(92)
Total changes from financing cash flows	(110)	9,000	(92)	–	8,798
Change in fair value					
Other changes					
Liability-related					
Interest expense	–*	–	112	15	127
Total liability-related other changes	–*	–	112	15	127
Balance at 31 December 2020	–	13,718	20	15	13,753

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

20 LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Liabilities		
	Loan from fellow subsidiary of immediate and ultimate holding company $'000	**Loans and borrowings $'000**	**Total $'000**
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)
Change in fair value	–	–	–
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

* Less than $1,000

Intra-group financial guarantees

The Company has provided intra-group financial guarantees of $22,181,000 (2019: $12,181,000) to a bank for credit facilities granted to its wholly-owned subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

21 PROVISION FOR REINSTATEMENT COST

	Note	Group 2020 $'000	Group 2019 $'000
At 1 January		**5,620**	4,585
Acquisitions of subsidiaries	33	**59**	70
Charge for the year		**373**	1,336
Utilised during the year		**(332)**	(122)
Reversed during the year		**(123)**	(249)
Effect of movements in exchange rates		**(10)**	–
At 31 December		**5,587**	5,620
Non-current		**4,003**	4,096
Current		**1,584**	1,524
		5,587	5,620

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 expenditures incurred or quotations provided by third party contractor.

22 REVENUE

	Group 2020 $'000	Group 2019 $'000
Income from food court operations and commercial establishment	**92,414**	120,090
Sales of food and beverages	**99,961**	117,417
	192,375	237,507

Disaggregation of revenue from contracts with customers

	Income from food court operations and commercial establishment		Sales of food and beverages		Total	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Primary geographical markets						
Singapore	**84,175**	107,334	**97,739**	110,251	**181,914**	217,585
Overseas	**8,239**	12,756	**2,222**	7,166	**10,461**	19,922
	92,414	120,090	**99,961**	117,417	**192,375**	237,507

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

22 REVENUE (CONT'D)

Contract balances

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

	Note	Group 2020 $'000	Group 2019 $'000
Trade receivables	12	**1,955**	186
Rental income received in advance	18	**(139)**	(27)

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 $27,000 (2019: $65,000).

23 OTHER INCOME

	Group 2020 $'000	Group 2019 $'000
Government grants	**11,579**	875
Renovation income	**2,639**	4,151
Rental income from warehouse space	**116**	114
Reversal of decommissioning costs	**–**	187
Gain on lease modification	**472**	99
Sponsorship	**109**	30
Others	**421**	267
	15,336	5,723

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

24 NET FINANCE COSTS

	Note	Group 2020 $'000	Group 2019 $'000
Interest income under the effective interest method on:			
– financial asset – at FVTPL		**50**	33
– overdue trade receivables		**5**	5
– cash and cash equivalents/time deposits		**306**	813
Foreign exchange gain (net)		**61**	–
Finance income		**422**	851
Interest expense on:			
– bank loans		**(112)**	(154)
– loan from fellow subsidiary of immediate and ultimate holding company		**–***	(157)
– derivative liability – interest rate swap		**(15)**	–
– lease liabilities	31	**(4,386)**	(3,990)
Accretion of discount implicit in rental deposits from tenants and rental deposits placed with landlords (net)		**(248)**	(72)
Foreign exchange loss (net)		**–**	(60)
Change in fair value of derivative liability		**(137)**	–
Finance costs		**(4,898)**	(4,433)
Net finance costs recognised in profit or loss		**(4,476)**	(3,582)

* Less than $1,000

25 TAX EXPENSE

	Group 2020 $'000	Group 2019 $'000
Current tax expense		
Current year	**2,460**	5,244
Under provision in respect of prior years	**1,037**	638
	3,497	5,882
Deferred tax (income)/expense		
Origination and reversal of temporary differences	**(1,539)**	240
Total tax expense	**1,958**	6,122
Reconciliation of effective tax rate		
Profit before tax	**11,597**	33,958
Tax using Singapore tax rate of 17% (2019: 17%)	**1,971**	5,773
Tax incentives	**–**	(337)
Deferred tax assets not recognised	**332**	397
Effect of tax rates in foreign jurisdictions	**271**	(383)
Non-deductible expenses	**771**	700
Under provision of current taxation in respect of prior years	**1,037**	638
Tax exempt income	**(2,424)**	(666)
	1,958	6,122

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

25 TAX EXPENSE (CONT'D)

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

	Group	
	2020	**2019**
	$'000	**$'000**
Deductible temporary differences	**3,747**	3,554
Tax losses	**1,801**	41
	5,548	3,595

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	
	2020	**2019**
	$'000	**$'000**
Employee benefits expense (see below)	**35,995**	39,901
Audit fees:		
– auditors of the Company	**287**	206
– other auditors	**45**	47
Non-audit fees:		
– auditors of the Company	**111**	56
– other auditors	**13**	13
Bad trade receivables written off	**–***	–
(Gain)/Loss on disposal of property, plant and equipment	**(6)**	120
Impairment loss on property, plant and equipment	**3,473**	1,077
Impairment loss on trade receivables (net)	**852**	247
Lease expenses relating to variable lease payments, short-term lease and low-value assets	**1,238**	4,139
Reversal of impairment loss on investment properties	**–**	(86)
Write off of property, plant and equipment	**60**	101
Employee benefits expense		
Salaries, bonuses and other costs	**33,456**	37,262
Contributions to defined contribution plans	**2,539**	2,639
	35,995	39,901

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

27 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2019 and 31 December 2020 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	
	2020	**2019**
	$'000	**$'000**
Profit for the year	**9,880**	27,688
	2020	**2019**
	'000	**'000**
Issued ordinary shares at 1 January	**554,970**	555,163
Effect of purchase of treasury shares	**(306)**	(193)
Weighted-average number of ordinary shares during the year	**554,664**	554,970
Basic and diluted earnings per share (cents)	**1.78**	4.99

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

28 OPERATING SEGMENTS (CONT'D)

- Others

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

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

Information about reportable segments

	Outlet and mall management business $'000	F&B retail business $'000	Others $'000	Total $'000
Group				
31 December 2020				
External revenues	92,414	99,961	–	192,375
Inter-segment revenue	1,298	–	684	1,982
Finance income	6	–	–	6
Finance costs	(4,353)	(281)	(264)	(4,898)
Depreciation and amortisation	(69,652)	(6,794)	–*	(76,446)
Reportable segment profit before tax	2,710	14,652	(6,121)	11,241
Other material non-cash items:				
– Gain on disposal of property, plant and equipment	–*	6	–	6
– Write off of property, plant and equipment	(5)	(55)	–	(60)
– Gain on lease modification	409	63	–	472
– (Impairment loss)/ Reversal of impairment loss on trade receivables, net	(858)	6	–	(852)
– Impairment loss on other receivables	(1,049)	–	–	(1,049)
– Impairment loss on property, plant and equipment	(2,494)	(979)	–	(3,473)
Reportable segment assets	222,129	33,731	4,450	260,310
Capital expenditure	13,820	953	–	14,773
Reportable segment liabilities	197,257	21,446	17,401	236,104

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

28 OPERATING SEGMENTS (CONT'D)

Information about reportable segments (cont'd)

	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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

28 OPERATING SEGMENTS (CONT'D)

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

	Group	
	2020	**2019**
	$'000	**$'000**
Revenues		
Total revenue for reportable segments	**194,357**	239,769
Elimination of inter-segment revenue	**(1,982)**	(2,262)
Consolidated revenue	**192,375**	237,507
Profit or loss before tax		
Total profit or loss before tax for reportable segments	**11,241**	32,892
Unallocated amounts:		
- Finance income	**356**	846
Share of profit of equity-accounted associate	**–**	220
Consolidated profit before tax	**11,597**	33,958
Assets		
Total assets for reportable segments	**260,310**	253,559
Investments in equity-accounted associate	**–**	–*
Other unallocated amounts	**81,305**	95,322
Consolidated total assets	**341,615**	348,881
Liabilities		
Total liabilities for reportable segments	**236,104**	239,896
Other unallocated amounts	**4,245**	5,971
Consolidated total liabilities	**240,349**	245,867

* 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 2020 $'000	Non-current assets** 2020 $'000	Revenue 2019 $'000	Non-current assets** 2019 $'000
Singapore	**181,914**	**184,422**	217,585	181,187
Overseas	**10,461**	**37,596**	19,922	48,819
	192,375	**222,018**	237,507	230,006

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

28 OPERATING SEGMENTS (CONT'D)

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	
	2020	**2019**
	$'000	**$'000**
Short-term employee benefits	**1,837**	3,268
Contributions to defined contribution plans	**115**	90
	1,952	3,358

Other related party transactions

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

	Group	
	2020	**2019**
	$'000	**$'000**
Fellow subsidiary of immediate and ultimate holding company		
Property rentals and related expenses	**(2,872)**	(3,406)
Repayment of loan interest	**–***	(157)
Associate		
Management fee income from associate	**–**	21
Sale of food and beverages	**–**	57

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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.

(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 52% (2019: 82%) of trade and other receivables, as at 31 December 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

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

	Group	
	2020	**2019**
	$'000	**$'000**
Impairment loss on trade receivables, net	**852**	247
Impairment loss on lease incentives	**1,049**	–
	1,901	247

Trade receivables

Exposure to credit risk

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

	2020		**2019**	
	Not credit-impaired	**Credit-impaired**	**Not credit-impaired**	**Credit-impaired**
	$'000	**$'000**	**$'000**	**$'000**
Operating stalls	**2,460**	**–**	309	–
Closed stalls	**–**	**1,110**	–	962
Total gross carrying amount	**2,460**	**1,110**	309	962
Loss allowance	**(505)**	**(1,110)**	(123)	(962)
	1,955	**–**	186	–

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Expected credit loss assessment for customers (cont'd)

The following table provides information about the exposure to credit risk and ECLs for current trade receivable for customers as at 31 December 2020:

	Gross carrying amount $'000	Impairment loss allowance $'000	Credit impaired
Group			
2020			
Not past due	**663**	**(2)**	Yes
Past due 1 – 30 days	**415**	**(13)**	Yes
Past due 31 – 60 days	**312**	**(26)**	Yes
Past due more than 60 days	**2,180**	**(1,574)**	Yes
	3,570	**(1,615)**	
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)	

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 2020 $'000	Group 2019 $'000
Balance at 1 January	**1,085**	1,028
Impairment loss recognised	**861**	348
Impairment loss reversed	**(9)**	(101)
Impairment loss utilised	**(317)**	(190)
Effect of movement in exchange rate	**(5)**	–
Balance at 31 December	**1,615**	1,085

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (cont'd)

Lease incentives

The Company held lease incentives of $6,214,000 (2019: $nil) as at 31 December 2020. The lease incentives relate to rent concessions that are granted to tenants as a direct consequence of the Covid-19 coronavirus pandemic.

The Company assesses the ECLs for these receivables to those used for trade receivables on the 12-month expected loss basis which reflects the same credit risk of the exposures. The amount of the allowance recognised on these balances is $1,049,000 (2019: $nil) as at 31 December 2020.

Non-trade amounts due from subsidiary and loan to subsidiary

The Company held non-trade amounts due from subsidiary of $91,000 (2019: $131,000) and loan to subsidiary of $42,000,000 (2019: $42,000,000). 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.

Derivatives

The derivatives are entered into with bank and financial institution counterparties, which are rated Aa1, based on Moody's rating.

Cash and cash equivalents and time deposits

The Group and Company held cash and cash equivalents and time deposits of $79,409,000 (2019: $94,996,000) and $9,390,000 (2019: $13,814,000) as at 31 December 2020 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk

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

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

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

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

			Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Group					
At 31 December 2020					
Non-derivative financial liabilities					
Trade and other payables*	**37,938**	**(38,384)**	**(32,923)**	**(5,461)**	**–**
Loans and borrowings	**13,718**	**(14,625)**	**(2,861)**	**(11,209)**	**(555)**
Lease liabilities	**167,628**	**(174,167)**	**(67,768)**	**(102,095)**	**(4,304)**
	219,284	**(227,176)**	**(103,552)**	**(118,765)**	**(4,859)**
Derivative financial liability					
Interest rate swaps (net settled)	**137**	**(137)**	**(137)**	**–**	**–**
	219,421	**(227,313)**	**(103,689)**	**(118,765)**	**(4,859)**
At 31 December 2019					
Non-derivative financial liabilities					
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)

* Exclude accrued employee benefits, deferred income, derivative liability and goods and services tax payables (net)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Between 1 to 5 years $'000	More than 5 years $'000
Company					
At 31 December 2020					
Trade and other payables	**280**	**(280)**	**(280)**	**–**	**–**
Recognised financial liabilities	**280**	**(280)**	**(280)**	**–**	**–**
Intra-group financial guarantees	**–**	**(22,181)**	**(22,181)**	**–**	**–**
	280	**(22,461)**	**(22,461)**	**–**	**–**
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)	–	–

* Exclude accrued employee benefits and goods and services tax payables (net)

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.

(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 use derivative financial instruments to hedge interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

Interest rate risk (cont'd)

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

	Nominal amount 2020 $'000	Nominal amount 2019 $'000
Group		
Fixed rate financial instruments		
Financial asset – at FVTPL	**1,600**	1,600
Time deposits	**3,057**	4,600
	4,657	6,200
Variable rate financial instruments		
Derivative liability – interest rate swaps	**(137)**	–
Loans and borrowings	**(13,718)**	(4,718)
Loan from fellow subsidiary of ultimate holding company	**–**	(110)
	(13,855)	(4,828)
Company		
Fixed rate financial instruments		
Loan to subsidiary	**42,000**	42,000

The Company does not have variable rate financial instruments as at 31 December 2020.

Fair value sensitivity analysis for fixed rate instruments

The Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (cont'd)

Interest rate risk (cont'd)

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 2020		
Variable rate instruments	**(137)**	**137**
Interest rate swap	**(1)**	**1**
	(138)	**138**
31 December 2019		
Variable rate instruments	(48)	48

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values

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

		Carrying amount				Fair value			
	Note	Financial assets 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 2020									
Financial assets measured at fair value									
Financial assets – at FVTPL	9	–	1,600	–	1,600	–	1,600	–	1,600
Financial assets not measured at fair value									
Trade and other receivables*	12	21,030	–	–	21,030				
Time deposits		3,057	–	–	3,057				
Cash and cash equivalents	13	76,352	–	–	76,352				
		100,439	–	–	100,439				
Financial liabilities measured at fair value									
Interest rate swaps	18	–	–	(137)	(137)	–	(137)	–	(137)
Contingent consideration	33	–	(1,934)	–	(1,934)	–	(1,934)	–	(1,934)
		–	(1,934)	(137)	(2,071)				
Financial liabilities not measured at fair value									
Trade and other payables#	18	–	–	(36,004)	(36,004)				
Loans and borrowings	20	–	–	(13,718)	(13,718)	–	(13,128)	–	(13,128)
		–	–	(49,722)	(49,722)				

* Exclude grant receivables, lease incentives and prepayments

\# Exclude accrued employee benefits, deferred income, derivative liability and goods and services tax payables (net)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Financial assets 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	9	–	1,600	–	1,600	–	1,600	–	1,600
Financial assets not measured at fair value									
Trade and other receivables*	12	18,430	–	–	18,430				
Time deposits		4,600	–	–	4,600				
Cash and cash equivalents	13	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 employee benefits and goods and services tax payables (net)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values (cont'd)

		Carrying amount				Fair value			
	Note	Financial assets 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 2020									
Financial assets not measured at fair value									
Trade and other receivables*	12	**42,177**	**–**	**–**	**42,177**				
Cash and cash equivalents	13	**9,390**	**–**	**–**	**9,390**				
		51,567	**–**	**–**	**51,567**				
Financial liabilities not measured at fair value									
Trade and other payables	18	**–**	**–**	**(280)**	**(280)**				
31 December 2019									
Financial assets not measured at fair value									
Trade and other receivables*	12	42,192	–	–	42,192				
Cash and cash equivalents	13	13,814	–	–	13,814				
		56,006	–	–	56,006				
Financial liabilities not measured at fair value									
Trade and other payables	18	–	–	(104)	(104)				

* Exclude prepayments

\# Exclude accrued employee benefits and goods and services tax payables (net)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

30 FINANCIAL RISK MANAGEMENT (CONT'D)

Measurement of fair values

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 technique	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
Interest rate swaps	Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, future prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimates is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.	Not applicable	Not applicable
Contingent consideration	Discounted cash flows: The valuation model considers the present value of the expected future cash payments, discounted using a risk-adjusted discount rate.	Not applicable	Not applicable

Financial instruments not measured at fair value

Type	Valuation technique
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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

31 LEASES

Leases as lessee

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. Lease payments are renegotiated every two to seven years to reflect market rentals.

During 2020, 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		Investment properties	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
Balance at 1 January	**170,226**	121,935	**6,852**	2,494
Depreciation charge for the year	**(59,496)**	(59,820)	**(3,499)**	(4,298)
Impairment loss	**(2,545)**	(1,030)	**–**	–
Balance at 31 December	**148,877**	170,226	**1,888**	6,852

Additions to the right-of-use assets during 2020 were $7,337,000 and $nil (2019: $111,474,000 and $8,656,000) for property, plant and equipment, and investment properties, respectively.

Amounts recognised in profit or loss

	Note	2020 $'000	2019 $'000
Interest on lease liabilities	24	**4,386**	3,990
Income from sub-leasing right-of-use assets presented in "revenue"		**(75,488)**	(83,829)
Expenses relating to short-term leases		**79**	792
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**184**	87

Amounts recognised in statement of cash flows

	2020 $'000	2019 $'000
Total cash outflow for leases	**55,270**	68,437

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

31 LEASES (CONT'D)

Leases as lessor

The Group leases out its investment properties (see note 6) 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 6 sets out information about the operating leases of investment properties.

Rental income from investment properties and property sublease recognised by the Group during 2020 was $92,414,000 (2019: $120,090,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	2020 $'000	2019 $'000
Operating leases under SFRS(I) 16		
Less than one year	**72,931**	84,948
One to two years	**39,154**	58,005
Two to three years	**14,027**	19,588
Three to four years	**26**	68
Total	**126,138**	162,609

32 COMMITMENTS

Capital commitments

Expenditure contracted for as at the reporting date but not recognised in the financial statements is as follows:

	Group	
	2020 $'000	2019 $'000
Commitment in respect of property, plant and equipment	**4,366**	15,139

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 ACQUISITION OF SUBSIDIARIES

2020

On 30 July 2020, the Group through its direct wholly-owned subsidiary, Koufu Pte Ltd, acquired 100% of the shares and voting interest in Deli Asia (S) Pte. Ltd., Delisnacks Pte. Ltd., Dough Culture Pte. Ltd. and Dough Heritage Pte. Ltd., collectively known as ("Deli Group"), for a total consideration of $21,770,000.

From 31 July 2020 to 31 December 2020, Deli Group contributed revenue of $6,175,000 and profit of $1,257,000 to the Group's results. If the acquisition had occurred on 1 January 2020, management estimates that consolidated revenue would have been $14,021,000, and consolidated profit for the year would have been $2,312,000.

Acquisition-related costs

The Group incurred acquisition-related costs of $197,000. These costs have been included in "administrative expenses".

Contingent consideration

The Group agreed to pay the selling shareholders in 2021 additional consideration of $1,934,000 after adjustments for the shortfall in net working capital and net asset value as at 30 July 2020 and earnings before interest, tax, depreciation and amortisation as at 31 December 2019. The Group has included $1,934,000 as contingent consideration as at 31 December 2020.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	Note	$'000
Property, plant and equipment	4	2,423
Right-of-use assets – property, plant and equipment		1,158
Investment properties	6	840
Inventories		120
Intangible assets – brands	5	1,688
Intangible assets – customer relationship	5	1,605
Intangible assets – computer software	5	132
Trade and other receivables		781
Cash and cash equivalents		3,769
Provision for reinstatement cost	21	(59)
Lease liabilities	19	(1,364)
Current tax liabilities		(278)
Deferred tax liabilities	10	(759)
Trade and other payables		(944)
Total identifiable net assets at fair value		9,112
Goodwill arising from acquisition	5	12,658
Total purchase consideration		21,770
Less: Contingent consideration	18	(1,934)
Less: Cash and cash equivalents of subsidiary acquired		(3,769)
Cash outflow on acquisition, net of cash and cash equivalents acquired		16,067

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 ACQUISITION OF SUBSIDIARIES (CONT'D)

Goodwill

Goodwill arising from the acquisition of the subsidiaries in the financial year ended 31 December 2020 amounted to $12,658,000.

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Intangible assets – brands	*Relief-from-royalty method:* The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the patents of trademarks being owned.
Intangible assets – customer relationship	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
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.
Investment properties	*Direct comparison method:* The direct comparison method considers the sales value of comparable properties and adjusting the sales price to that reflective of the property.

The trade receivables comprise gross contractual amounts due of $292,000 and were expected to be uncollectible at the date of acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred	21,770
Fair value of identifiable net assets	(9,112)
Goodwill	12,658

The goodwill is attributable mainly to the complementary and synergies expected to be achieved from integrating the companies into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 ACQUISITION OF SUBSIDIARIES (CONT'D)

2019

On 1 August 2019, the Group through its direct wholly-owned subsidiary, Koufu Pte Ltd, 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.

From 1 August 2029 to 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 summarises 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		–*
Less: 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

33 ACQUISITION OF SUBSIDIARIES (CONT'D)

2019 (cont'd)

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired was as follows:

Assets acquired	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 DISPOSAL OF SUBSIDIARY

2020

On 30 December 2020, the Group through its subsidiary, Super Tea (S) Pte Ltd, disposed 55% of its ownership interest in PT Super Tea Indonesia ("Supertea Indonesia"). As a result, the Group ceased consolidation of Supertea Indonesia.

Effects of disposals

The cash flows and net assets of subsidiary disposed of are as follows:

	Net assets derecognised on disposal $'000
Property, plant and equipment	25
Intangible assets	133
Inventories	238
Trade and other receivables	378
Cash and cash equivalents	162
Current tax liabilities	(10)
Trade and other payables	(148)
Total identifiable net assets at fair value	778
Less: NCI disposed	(350)
Loss on disposal of subsidiary	(3)
Consideration received in cash	425
Less: Receivable of subsidiary disposed of	(213)
Cash inflow on disposals, net of cash and cash equivalents disposed of	212

The loss on disposal of $3,000 has been recognised in "other operating expenses" in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

35 SUBSEQUENT EVENT

On 1 March 2021, the Group through its direct wholly-owned subsidiary, Koufu Pte.Ltd., granted an option to purchase (the "Option") to an independent third-party purchaser (the "Purchaser") in respect to the sale of the properties located at 18 and 20 Woodlands Terrace (the "Properties"), on the terms and subject to the conditions of the Option (the "Proposed Disposal"). The Proposed Disposal is subject to and conditional upon the written in-principal approval from the Jurong Town Corporation. The Purchaser has exercised the Option on 11 March 2021. The aggregate consideration payable by the Purchaser for the Proposed Disposal (inclusive of the prevailing goods and services tax) is S$11,770,000 (the "Consideration"), to be satisfied fully in cash.

ADDITIONAL INFORMATION

A. INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2020, 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$100,000)	
		6 months ended 31 December 2020 S$'000	12 months ended 31 December 2020 S$'000	6 months ended 31 December 2020 S$'000	12 months ended 31 December 2020 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	–	–	1,437	2,730
(ii) Service charges and outdoor refreshment area fees (paid on behalf) [(2)]		–	–	46	142
Great Solutions Pte Ltd					
Dishwashing, cleaning, landscaping and vector control services [(3)]	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	–	–	96	245
Brightlink Electrical Pte Ltd					
Provision of renovation works and other general electrical works[(4)]	Brightlink Electrical Pte Ltd, 50% owned by Mr Pang Pong San, sibling of Mr Pang Lim	–	–	75	171

ADDITIONAL INFORMATION

Notes:

(1) As disclosed in our Group's 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 Circular to Shareholders dated 13 May 2020, 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, which was exercised, payable upon service rendered on a monthly basis. The Group did not continue the lease of the Hawker Centre and has since terminated the dish washing services upon the lease expiry in August 2020.

(4) 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

The Company received gross proceeds amounting to approximately S$45.5 million raised from the IPO on the Main Board of SGX-ST on 18 July 2018.

As at 31 December 2020, 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	(22,922)	7,078
Refurbishment and renovation of new and existing F&B outlets	8,000	(8,000)	–
Acquisitions, joint ventures, strategic alliances or investments	5,000	(5,000)	–
Listing expenses	2,500	(2,500)	–
Total	45,500	(38,422)	7,078

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 2021

Number of Issued Shares (excluding treasury shares and subsidiary holdings)	:	554,616,400
Number/Percentage of treasury shares and subsidiary holdings	:	546,600
Voting rights	:	One vote per share
Class of Shares	:	Ordinary Shares

DISTRIBUTION OF SHAREHOLDINGS AS AT 16 MARCH 2021

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 – 99	1	0.03	5	0.00
100 – 1,000	426	13.95	337,797	0.06
1,001 – 10,000	1,644	53.81	9,358,800	1.69
10,001 – 1,000,000	969	31.72	52,877,200	9.53
1,000,001 and above	15	0.49	492,042,598	88.72
Total	**3,055**	**100.00**	**554,616,400**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 16 MARCH 2021

No.	Name of Shareholders	No. of Shares	% of Shares
1	JUN YUAN HOLDINGS PTE LTD	428,048,800	77.18
2	DBS NOMINEES (PRIVATE) LIMITED	32,429,200	5.85
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	7,384,400	1.33
4	BPSS NOMINEES SINGAPORE (PTE.) LTD.	3,630,700	0.65
5	HSBC (SINGAPORE) NOMINEES PTE LTD	3,263,700	0.59
6	PHILLIP SECURITIES PTE LTD	2,921,000	0.53
7	CITIBANK NOMINEES SINGAPORE PTE LTD	2,246,498	0.41
8	RAFFLES NOMINEES (PTE.) LIMITED	2,012,000	0.36
9	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,873,800	0.34
10	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	1,676,100	0.30
11	ANG CHIN KOON	1,500,000	0.27
12	NANYANG CONFUCIAN ASSOCIATION	1,500,000	0.27
13	ANG KOCK SEONG	1,430,000	0.26
14	IFAST FINANCIAL PTE. LTD.	1,113,100	0.20
15	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	1,013,300	0.18
16	LIM KEE CHOON	1,000,000	0.18
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	933,000	0.17
18	KWEK MENG CHOON	775,500	0.14
19	TAN AH CHEW	747,700	0.13
20	ANG LEE NAH	650,000	0.12
	Total	**496,148,798**	**89.46**

Based on the information available to the Company as at 16 March 2021, approximately 22.50% 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 2021

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	77.18	–	–
Pang Lim[1]	–	–	428,048,800	77.18
Ng Hoon Tien[2]	–	–	428,048,800	77.18

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.

NOTICE OF ANNUAL GENERAL MEETING

KOUFU GROUP LIMITED
(Company Registration No: 201732833D)
(Incorporated in the Republic of Singapore)
(the "Company")

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Koufu Group Limited (the "**Company**") will be held by way of electronic means on 26 April 2021 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2020 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final one-tier tax exempt dividend of 0.7 cents per ordinary share for the financial year ended 31 December 2020. **(Resolution 2)**

3. To re-elect Dr Yu Lai Boon, a Director who is retiring pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 3)**

   [See Explanatory Note (i)]

4. To re-elect Mr Tan Huay Lim, a Director who is retiring pursuant to Regulation 110 of the Constitution of the Company. **(Resolution 4)**

   [See Explanatory Note (ii)]

5. To approve the payment of Directors' fees of S$187,000 for the financial year ending 31 December 2021, to be paid quarterly in arrears. **(Resolution 5)**

6. To re-appoint KPMG LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

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

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the SGX-ST, the Directors of the Company be authorised and empowered to:

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

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

(the "***Share Issue Mandate***")

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to existing shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the total number of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

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

adjustment in accordance with (2)(a) and (2)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(Resolution 7)

[See Explanatory Note (iii)]

NOTICE OF ANNUAL GENERAL MEETING

9. **Authority to issue shares under the Koufu Performance Share Plan**

That pursuant to Section 161 of the Companies Act, the Directors of the Company be authorised and empowered to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued under the Koufu Performance Share Plan (the "**Plan**"), whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Plan shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 8)**

[See Explanatory Note (iv)]

By Order of the Board

Siau Kuei Lian
Company Secretary
Singapore, 8 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Dr Yu Lai Boon will upon re-election as a Director of the Company remain as the Lead Independent Director of the Company, Chairman of Nominating Committee and a member of the Audit and Risk Management and Remuneration Committees. Dr Yu Lai Boon will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 58 to 65 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the SGX-ST.

(ii) Mr Tan Huay Lim will upon re-election as a Director of the Company remain as an Independent Director, Chairman of Audit and Risk Management Committee and a member of the Remuneration Committee. Mr Tan Huay Lim will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to Corporate Governance Report on pages 58 to 65 in the Annual Report for the detailed information required pursuant to Rule 720(6) of the SGX-ST.

(iii) Ordinary Resolution 7, if passed, will empower the Directors of the Company from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20% may be issued other than on a *pro rata* basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iv) Ordinary Resolution 8, if passed, will empower the Directors of the Company, from the date of this Annual General Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company under the Plan up to a number not exceeding in total (for the entire duration of the Plan) 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's efforts to keep physical interactions and COVID-19 transmission risks to a minimum, the Annual General Meeting of the Company will be held by way of electronic means.

2. The Annual Report for FY2020, Notice of Annual General Meeting and Proxy Form will be sent to members solely by electronic means via publication on the Company's website at the URL https://www.koufu.com.sg and will also be made available on SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of these documents will NOT be despatched to members.

3. Members (including a Relevant Intermediary*) will not be able to attend the Annual General Meeting in person. Members may:-

   (a) pre-register to participate at the Annual General Meeting by watching and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream (collectively referred to as the "live webcast");
   (b) submitting questions related to the resolutions to be tabled for approval in advance of the Annual General Meeting; and/or
   (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the Annual General Meeting.

4. A member of the Company (including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Annual General Meeting.

   *"**Relevant intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

5. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

6. The instrument appointing the Chairman of the Meeting as proxy must: (i) if sent personally or by post, be deposited at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or (ii) if submitted electronically via email, be received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at shareregistry@incorp.asia, and in either case, by 9.30 a.m. on 23 April 2021, being no less than 72 hours before the time appointed for the Annual General Meeting, and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed proxy forms electronically via email.

7. The Annual Report for FY2020 may be accessed on the Company's website at the URL https://www.koufu.com.sg and is also available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements.

IMPORTANT NOTES TO MEMBERS:

A. The key dates which members should take note of are set out in the table below:-

Key dates	Actions
From 8 April 2021, 9.30 a.m.	Members may begin to pre-register at https://online.meetings.vision/koufugroup-agm-registration for the live webcast of the Meeting proceedings and/or submit any questions that are related to the resolutions to be tabled in advance for approval to **ir@koufu.com.sg**
By 5.00 p.m. on 14 April 2021	Deadline for CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
By 12 noon on 19 April 2021	Deadlines for members to submit questions related to the proposed resolutions to be tabled for approval in advance
By 9.30 a.m. on 23 April 2021	Deadlines for members to: • pre-register for live webcast; and • submit proxy forms.
After trading hours on 23 April 2021	The Company to address and publish its responses to those substantial and relevant questions received from members via the Company's website and SGXNet.
By 12 noon on 25 April 2021	Authenticated members will receive an email which will contain user ID and password details, as well as the link to access the "live" audio-visual webcast and a toll-free telephone number to access the "live" audio-only stream of the proceedings of the Annual General Meeting (the "**Confirmation Email**"). Members who do not receive the Confirmation Email by 12 noon on 25 April 2021, but have registered by the 23 April 2021 deadline should contact the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. for assistance at shareregistry@incorp.asia, with the full name of the shareholder and his/her identification number by 5.00 p.m. on 25 April 2021.
9.30 a.m. on 26 April 2021	• Click on the link in the Confirmation Email and enter the user ID and password to access the "live" audio-visual webcast of the Meeting proceedings; or • Call the toll-free telephone number in the Confirmation Email to access the "live" audio-only stream of the Meeting proceedings.

B. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its Meeting arrangements at short notice. Members should check at the URL https://www.koufu.com.sg for the latest updates on the status of the Annual General Meeting, if any.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By submitting the proxy form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) the appointment as the Chairman of the Meeting as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KOUFU GROUP LIMITED

(Company Registration No: 201732833D)
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's efforts to keep physical interactions and COVID-19 transmission risks to a minimum, the Annual General Meeting of the Company will be held by way of electronic means.
2. A member will not be able to attend the Meeting in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the Meeting. A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should inform their respective CPF Agent Banks and/or SRS Operators to submit their votes at least 7 working days before the Meeting.
4. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, ______________________________(Name) ____________________ (NRIC/ Passport Number/ Company Regn. No.)

of ____ (Address)

being a member/members of KOUFU GROUP LIMITED (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our* proxy to vote for me/us* on my/our* behalf at the Annual General Meeting ("**Meeting**") of the Company to be held by way of electronic means on 26 April 2021 at 9.30 a.m. and at any adjournment thereof. I/We* direct the Chairman of the Meeting to vote for, against or to abstain from voting the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

(If you wish to exercise all your votes "For", "Against" or to "Abstain" from voting, please indicate with a tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll).

No.	Resolutions relating to:	For	Against	Abstain
Ordinary Business				
1	Audited Financial Statements for the Financial Year Ended 31 December 2020			
2	Payment of proposed final one-tier tax exempt dividend			
3	Re-election of Dr Yu Lai Boon as a Director			
4	Re-election of Mr Tan Huay Lim as a Director			
5	Payment of Directors' fees for the financial year ending 31 December 2021			
6	Re-appointment of KPMG LLP as the Auditors			
Special Business				
7	Authority to allot and issue new shares			
8	Authority to allot and issue new shares under Koufu Performance Share Plan			

Dated this ____________ day of ______________ 2021

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

____
Signature(s) of Shareholder(s)
and/or Common Seal of Corporate Shareholder

* Delete where inapplicable

NOTES:-

The Proxy Form will be sent to members solely by electronic means via publication on the Company's website at the URL https://www.koufu.com.sg and will also be made available on the SGXNet at the URL https://www.sgx.com/securities/company-announcements. Printed copies of the proxy form will NOT be despatched to members.

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as a proxy shall be deemed to relate to all the Shares held by you.

2. A member of the Company (including a Relevant Intermediary*) entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

   * "**Relevant intermediary**" has the same meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. In appointing the Chairman of the Meeting as proxy, members must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in the Proxy Form. Failing which, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company. Proxy forms appointing such person other than the Chairman of the Meeting shall be deemed to appoint the Chairman of the Meeting as proxy.

5. The instrument appointing the Chairman of the Meeting as proxy must (i) if sent personally or by post, be deposited at the office of the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or (ii) if submitted electronically via email, be received by the Company's Share Registrar, In.Corp Corporate Services Pte. Ltd. at shareregistry@incorp.asia, and in either case, by 9.30 a.m. on 23 April 2021, being no less than 72 hours before the time appointed for the Meeting, and in default the instrument of proxy shall not be treated as valid.

   In view of the current COVID-19 situation and the related safe distancing measures, members are strongly encouraged to submit completed proxy forms electronically via email.

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

7. An investor who holds shares under the Central Provident Fund Investment Scheme ("**CPF Investor**") and/or the Supplementary Retirement Scheme ("**SRS Investor**") (as may be applicable) and wishes to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks and/or SRS Operators to submit their votes at least seven (7) working days before the Meeting.

GENERAL:

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2021.

KOUFU GROUP LIMITED
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