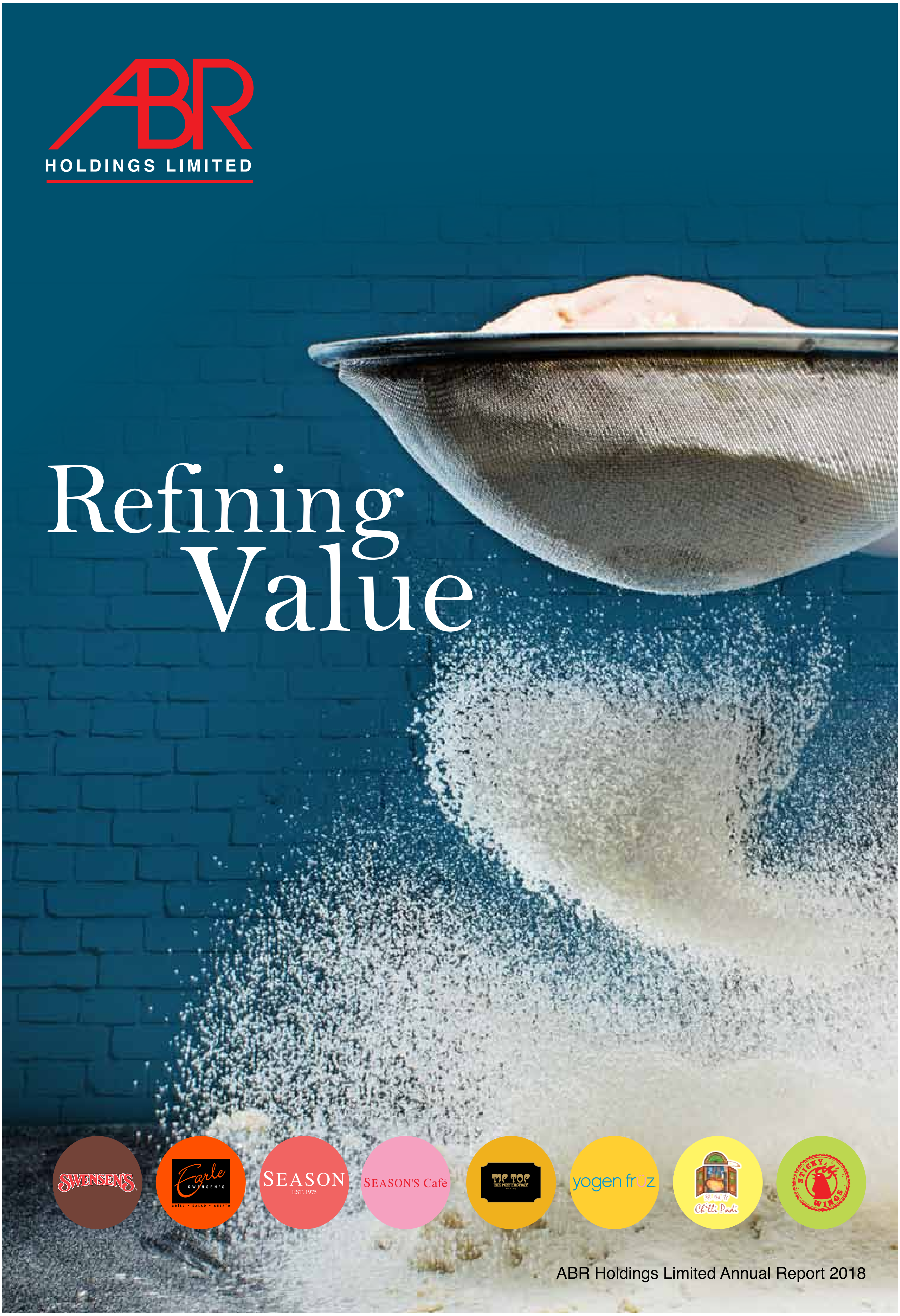
ABR HOLDINGS LIMITED

# Refining Value



ABR Holdings Limited Annual Report 2018

**Refining Value**

Having incorporated several new brands into our family of leading food and beverage offerings in previous years, FY2018 was a difficult year in which we focused on refining our business processes and product offerings as we continue to strive towards our vision of achieving enduring appeal and sustainable value for our stakeholders.

# Contents

# About Us

ABR Holdings Limited began as the owner and operator of the first full-service Swensen's ice cream restaurant in Singapore back in 1979. The Swensen's brand, with over 20 restaurants in Singapore, remains one of the market leaders in the western casual dining category and one of the preferred choices in good value family dining.

For the past few decades, we have honed our craft in creating memorable dining experiences anchored by hearty F&B offerings which aim to appeal to the palates of the young and old. Our brands encompass a variety of cuisines and concepts catering to a wide spectrum of diners. We have enjoyed and appreciate the support of our loyal customers over the years and will continue to work on our stable of brands to ensure that we remain relevant for generations to come.

# Message from the Executive Chairman and Managing Director

### Dear Shareholders,

On behalf of the Board of Directors (the "Board") of ABR Holdings Limited ("ABR" or the "Group"), we present you the Annual Report and Financial Statements for the financial year ended 31 December 2018 ("FY2018").

### Refining Our Business

Having incorporated several new brands to our family of popular Food & Beverage ("F&B") offerings in recent years, FY2018 was a year in which we focused on refining our business both in terms of our product offerings and in our operations, as we continue to push ahead to achieve sustainable value in the longer term. Our brands continue to enjoy support among our customers, young and old, and we endeavour to further enhance every dining and food retail experience at our many locations around the island and across the Causeway. While we strive to revitalise product offerings and consumer experience for our customers, we remain mindful of our stakeholders to whom we aim to bring increasing and sustainable value through the continuous refining of our business processes.

### Performance Review

In FY2018, Group revenue was $125.0 million, a 6% rise from $118.0 million in FY2017. The increase in revenue, accompanying increases in selling, distribution, outlet, and administrative expenses were due mainly to the full year contribution from the F&B business acquired in July 2017.

Group profit before tax for FY2018 declined 48% from $7.7 million in FY2017 to almost $4.0 million due to challenging conditions in the food retail and services markets, with keener competition and rising operating costs. The Group's profitability was further impacted by write-off and impairment provision of plant and equipment, and one-off expenses incurred in respect of ceased property investment.

Group profit after tax for FY2018 declined 52% from $6.7 million in FY2017 to $3.2 million. After deducting the share of profit attributable to non-controlling interests, the Group recorded a profit attributable to owners of the Company of $2.7 million in FY2018, from $6.2 million in FY2017.

### Winning Accolades

In recognition of the efforts and initiatives that the Group have invested in our products and operations, Swensen's was once again conferred the Platinum Award in the Family Restaurant category by the Reader's Digest Trusted Brand Survey. A leading family restaurant in Singapore since 1979, Swensen's has maintained its position in this ranking for the tenth year. Encouraged by this recurring win, we are confident that our growth strategies are on-track and we will persist in creating attractive menu enhancements and interesting dining concepts to retain the support of our loyal customers.

We are also proud to announce that Chilli Padi, the newest addition to the ABR family of F&B brands, was conferred the Promising SME 500 2018 Industry Star Award in FY2018. Having turned in a first full year of operations under the ABR Group, this award recognises the rise of Chilli Padi from humble beginnings to become a leading Peranakan food services company in Singapore. We believe that Chilli Padi has the potential to grow further and achieve greater heights of excellence.

In FY2018, ABR received our second consecutive Champion of Good award for exemplary giving and for being an influencer and multiplier. By engaging partners and stakeholders on a collaborative giving journey, we have been able to create greater impact on our communities. We are delighted that our work in this area has been recognised and will continue with our outreach initiatives going forward.

**Then: Changi Airport Outlet, 1980s**


**Now: Changi Airport Outlet, 2018**

Chua Tiang Choon, Keith
Executive Chairman

Ang Yee Lim
Managing Director

## Building Our Property Business

In FY2018, we continued to sow the seeds of our property business, through the following new investments in Malaysia:

- the Group acquired a minority stake in a property development project in Kuala Lumpur, Malaysia with land size of approximately 8,190 square metres. A mixed commercial development will be developed on the project lands, which are located in the vicinity of Pavillion Kuala Lumpur, a shopping centre situated in the Bukit Bintang district;
- the Group's joint venture company acquired a third plot of leasehold land in Kuala Lumpur, Malaysia, which is adjacent to the first two land plots acquired previously in FY2017. The land size of the three land plots measures approximately 4,086 square metres in aggregate; and
- the Group's joint venture company acquired a freehold property located in Negeri Sembilan, Malaysia with a land area of approximately 14,569 square metres.

The aforementioned acquisitions did not have any material impact on the earnings per share and net tangible assets of the Group for FY2018.

## Dividend

The Board is proposing a final tax exempt (1-tier) cash dividend of 1.50 Singapore cents per share for FY2018 to be approved by shareholders at the upcoming Annual General Meeting. With the interim dividend of 1.00 Singapore cent per share, the total dividend payout for the year amounts to 2.50 Singapore cents per share.

The Board is proposing to maintain the dividend payout for FY2018 as per previous years, notwithstanding the Group's milder performance amid the increasingly challenging operating environment.

## Prospects

The operating environment of the F&B industry is expected to remain challenging with intense competition and tight manpower supply. These challenges, together with increased operating costs, will continue to exert pressure on profitability. The Group will continue to refine our business units to boost productivity, explore new product offerings to remain competitive, and focus on cost management to maintain profitability.

For the property business, plans for development have been initiated for some of the investments. The Group does not expect any material financial impact from the property business in the next financial year. The Group will continue to pursue investment opportunities in the region to develop this business.

## Acknowledgements

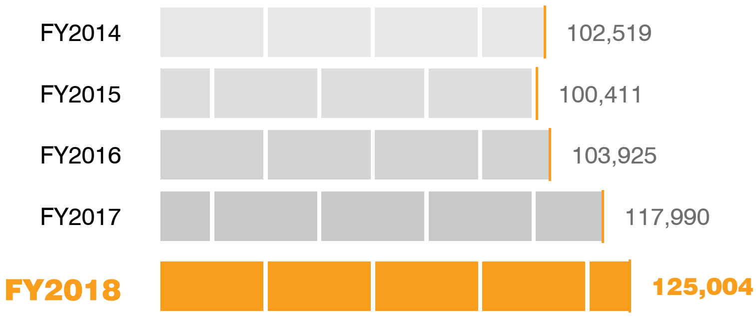
To our fellow Directors, we would like to express our heartfelt gratitude for your invaluable guidance and stewardship that have and continue to navigate the Group through challenges and create sustainable value for our stakeholders through the years. We would also like to thank our customers, partners and shareholders. Your unstinting support and steadfast belief in the viability of our Group's business motivates us towards greater excellence. Last but not least, to our employees, we would like to thank you for your hard work and commitment towards the Group's success.

**Chua Tiang Choon, Keith**
Executive Chairman

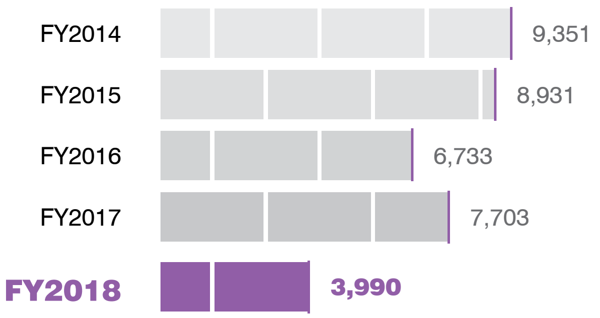
**Ang Yee Lim**
Managing Director

# Financial Highlights

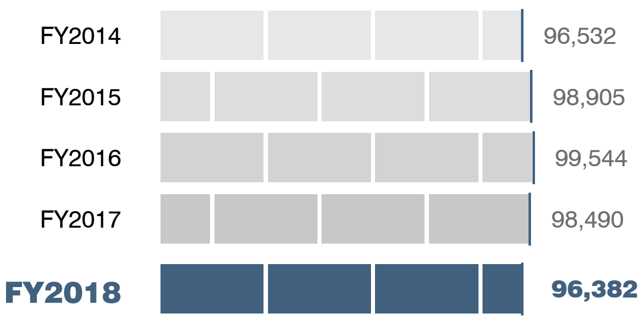
## Revenue
($'000)




## Profit Before Tax
($'000)




## Shareholders' Equity
($'000)




# Financial Highlights

## For the Year ($'000)

| | FY2018 | FY2017 | Change |
|---|---|---|---|
| Revenue | **125,004** | 117,990 | 5.9% |
| Profit Before Tax | **3,990** | 7,703 | (48.2%) |
| Profit for the Year | **3,225** | 6,752 | (52.2%) |
| Profit Attributable to Owners of the Company | **2,666** | 6,228 | (57.2%) |

## At Year End ($'000)

| | FY2018 | FY2017 | Change |
|---|---|---|---|
| Total Assets | **126,017** | 128,480 | (1.9%) |
| Equity Attributable to Owners of the Company | **96,382** | 98,490 | (2.1%) |
| Total Equity | **100,171** | 101,453 | (1.3%) |
| Total Liabilities | **25,846** | 27,027 | (4.4%) |
| Fixed Deposits, Cash and Bank Balances | **49,310** | 56,611 | (12.9%) |

## Earnings per Share

| FY2018 | FY2017 |
|---|---|
| **Basic: 1.33 cents** | Basic: 3.10 cents |
| **Diluted: 1.33 cents** | Diluted: 3.10 cents |

## Dividend per Share

| FY2018 | FY2017 |
|---|---|
| **Interim: 1.0 cent** | Interim: 1.0 cent |
| **Final: 1.5 cents** | Final: 1.5 cents |

## Net Asset Value per Share

| FY2018 | FY2017 |
|---|---|
| **48.0 cents** | 49.0 cents |

# Operations Review
## Singapore

### SWENSEN'S AND EARLE SWENSEN'S

Since its inception in 1979, Swensen's has played an instrumental part in the happy memories of many generations of families and friends here in Singapore. Over the years, Swensen's has grown into a household name offering affordable family dining and has created over 180 delightful ice cream flavours. Since the opening of our first 200-seater restaurant at Thomson Plaza, Swensen's has expanded to more than 20 full-service restaurants serving an all-day menu of food and ice cream creations.

#### Challenging Environment

While we continue to push forward with our growth strategies for Swensen's and Earle Swensen's, we navigate around the challenges within our environment carefully. Uncertainty in the global economy, slower domestic growth, along with intensified competition from new and smaller entrants, posed fresh challenges in our operating environment and exerted downward pressure on our overall sales.

Profitability faced similar downward pressure due to increased rental, raw materials, logistics, and utilities costs. In terms of manpower resources, weak career perception of the food service industry, stringent foreign worker quota, and increased levies remain key challenges.

#### Rejuvenated Menu

In the year under review, the menus at Swensen's and Earle Swensen's were rejuvenated with a selection of new dishes and desserts. In ensuring that the refreshed menu remains relevant and appealing, Swensen's conducted an extensive consumer survey with the objective of better understanding customers' preferences for our menu pricing and product offerings. In addition, interesting thematic food promotions and offers were introduced at both brands to keep customers coming back for more.

Throughout 2018, various seasonal and festive products were launched at both Swensen's and Earle Swensen's to provide fresh and unique dining options to our customers. In addition to the Disney, DC SuperHeroes, Star Wars and Marvel character cakes, we tied up with Nickelodeon to launch a new range of cakes featuring its popular cartoon characters.

# Operations Review
## Singapore

### Marketing Strategies

As part of our marketing and public relations efforts during the year, we actively engaged social media, as well as traditional media, in promoting both the Swensen's and Earle Swensen's brands.

In keeping with consumers' preferences, our delectable menu offerings can now be delivered direct to the doorsteps of our customers. Building on the growing appetites of Singaporeans who order their meals online, Swensen's extended our reach in 2018 by working with more food delivery partners, who provided new channels to reach out to more customers who choose to dine in the convenience of their home or office.

Recognising the importance of retaining customer loyalty, Swensen's revamped our popular Cool Rewards membership programme with the launch of a new mobile app-based version in July 2018. The rejuvenated programme retains some of the key benefits for members such as complimentary drinks with dine-in purchases and birthday privileges, while it simplifies and speeds up the process flow of reward collection and redemption, resulting in a more streamlined user experience and increased customer satisfaction.

New e-membership cards are issued immediately with online registration of membership accounts via the Swensen's mobile app, which is available for free download on Google Play Store and Apple App Store. Customers can access members' exclusive offers and other information such as festive promotions, outlet locations and business hours through the mobile app. Members can track and redeem cash rebates, receive e-voucher incentives, update profiles and even manage their children's junior membership accounts using the mobile app with a single login.

By the end of 2018, our Cool Rewards membership database had grown by 40% from its original number before the launch. The Swensen's mobile app also serves as a cost-effective platform for the Group to cross-market our other F&B products.

### Fighting Diabetes

Following the lead of the Health Promotion Board ("HPB") in its nation-wide push for healthier food options and fight against diabetes, Swensen's became the first restaurant chain in Singapore to produce and launch a range of ice cream flavours that is both lower in sugar and a good source of dietary fibre. This new range received endorsement from HPB and was launched alongside the introduction of our new menu in July 2018. Swensen's also participated in island-wide campaigns organised by HPB in support of the agency's efforts to promote healthy eating habits among Singaporeans.

### Consumer Confidence

In recognition of being one of Singapore's leading family restaurants, Swensen's was once again conferred the Platinum Award in the Family Restaurant category by the Reader's Digest Trusted Brand Survey in 2018. Swensen's has been

# Operations Review
## Singapore

awarded this accolade for the tenth consecutive year and we will continue to strive to keep the brand relevant and trusted by consumers in Singapore. We are greatly encouraged by this achievement, and will continue to offer our customers good quality family dining at affordable prices.

### Prospects

Moving forward, Swensen's and Earle Swensen's will continue to optimise our technological resources to innovate and further improve sales, customer experience and productivity in our operations.

In 2019, E-menus (i.e. electronic menus) will be launched progressively at all our outlets throughout the year. This involves the use of an integrated system running on the digital platform, channeled across and synchronising key aspects of our operations. This system links up food orders, customer relationship management and customer engagement. We look forward to increased operational efficiencies as the extent of coverage of this system grows and gets more entrenched with further facets of our business.

Earle Swensen's new outlet at Jewel Changi Airport is slated to open in 2019, and it will feature a special menu to cater to both local and international tastes, which will include a range of premium-cut steaks created for this unique location.

Swensen's will be celebrating its 40th year in Singapore in 2019, and has lined up various exciting activities and initiatives to mark this special occasion.

## TIP TOP CURRY PUFFS

Well known for our signature curry puffs, Tip Top continues to be a brand of traditional Asian pastries, snacks and light takeaway meals popular among Singaporeans. Tip Top leverages on our rich heritage, expanding menu of delectable product offerings, and strategic outlet locations to maintain our appeal to customers.

### Year in Review

Our dough is a key ingredient in our curry puffs. Hence, during the year, we decided to take over the production of our dough in order to be better placed to monitor and control its quality. Through this initiative, we are also able to explore creating a variety of interesting dough flavours.

With the aim of streamlining Tip Tip's operations, the consolidation of outlets involved several locations and took place throughout the year under review. Our latest outlet was opened in June 2018 at the newly revamped Century Square Mall. The outlet at Changi Airport Terminal 3 was closed in January 2018 due to the expiration of its lease, and we managed to secure and relocate to another space within the same terminal in April 2018. The outlet at Aperia Mall which had been underperforming due to a low volume of footfall was closed in March 2018. In addition, our Ang Mo Kio outlet faced a sizeable reduction in the number of customers due to the relocation of the previously nearby polyclinic.

# Operations Review
## Singapore

With the recent surge in demand for food delivery, we have increased the number of food delivery companies that we work with and will be looking for more partners to further ramp up the volume of our delivery orders.

In line with this trend, efforts to increase our in-house delivery orders included the use of digital and print media retargeting to create awareness and to encourage repeat orders from our loyal customers. A new online ordering platform was launched in 2018, which simplifies the ordering process for both our customers and ourselves and significantly reduces the time taken for us to turn orders around, allowing us to enjoy increased overall efficiency. Our efforts were reflected in the volume of in-house delivery orders in 2018 almost doubling that of 2017, and we are encouraged to build on this result to drive further sales through this avenue.

In response to a nationwide call for cashless retail solutions, we have begun incorporating digital payment and redemption portals such as FAVE and CapitaStar into our operations, creating a spectrum of convenient payment methods and incentives for our customers.

### Prospects

Moving forward, emphasis will be placed on increasing awareness of our Tip Top brand and driving traffic to our online ordering and delivery platform with the aim of extending our reach further and wider. Besides capitalising on various social media platforms, we will also continue to support our marketing efforts with the use of traditional media such as displaying point-of-sale materials at our outlets.

The year 2019 marks 40 years of Tip Top operations and we will be celebrating this joyous event throughout the year with interesting month-to-month promotional activities.

## STICKY WINGS

Located at Westgate Mall in Jurong East, Sticky Wings is gaining traction among customers for serving up Asian-inspired chicken fast food, featuring flavours reminiscent of familiar Asian street food and delicacies.

### Year in Review

In 2018, as part of our first anniversary celebrations, Sticky Wings introduced three new Asian Heritage chicken wing flavours: Nonya Assam, Tom Yum and Honey Garlic. These three flavours were available for a limited period and diners voted for their favourite one to become a permanent addition to the Sticky Wings menu.

In conjunction with the introduction of these three new flavours, our social media followers were given the opportunity to win Sticky Wings vouchers over a four-week promotional period in the "Guess the new Sticky Wings Flavour" Facebook competition. A total of three lucky winners won $50 Sticky Wings vouchers each.

In April 2018, Sticky Wings launched two local renditions of the rice bowl in the form of our Spicy Lemak Set and Drumstick Lemak Set. Both Lemak Sets are served with pickled vegetables known locally as Achar, crunchy peanuts and anchovies, as well as quail eggs coated in our Spicy

# Operations Review
Singapore

Flamin' sauce. In support of the national call for healthier meal options to combat diabetes, fragrant basmati rice is used in the preparation of our main staple offering.

### Prospects

Moving forward, we will continue to increase awareness of the Sticky Wings brand, and create interesting and delectable items to enhance our menu, staying true to our philosophy of "Don't Mess with Our Flavour".

## CHILLI PADI

In the year under review, Chilli Padi continued to leverage on its rich operating heritage to bring to its diners delectable and authentic Peranakan cuisine. The Chilli Padi Group operates the Chilli Padi Nonya Restaurant at Joo Chiat Place, the Chilli Padi Nonya Café at Heng Mui Keng Terrace, several corporate cafeterias across the island, confinement meal catering service, and Chilli Api Catering, Chilli Padi's main halal-certified catering arm.

### Year in Review

For 2018, Chilli Padi continued to register healthy organic growth year-on-year. Chilli Padi was also conferred the Promising SME 500 2018 Industry Star Award, which brought excitement and motivation to our team. Meanwhile, the operational challenges of labour shortage and insufficient kitchen space continued to persist as we looked for ways to mitigate the impact.

### Increasing Kitchen Space

One of the measures we took during the year to address the insufficient kitchen space was to lease an additional kitchen unit measuring 3700 square feet from Jurong Town Corporation, and our catering kitchen was subsequently re-organised for better workflow and efficiency. This additional space has enabled us to take on a significant volume of additional catering business.

### Online Marketing

While Chilli Padi already maintains an online presence, we are in the process of refining our digital engagement strategy. In addition to a revamp of our websites, we are also further optimising our digital marketing strategies to offer a seamless customer experience while strengthening brand awareness.

### Prospects

Moving forward into 2019, our foremost priority remains to secure additional kitchen space for our catering service. Following this, we will also be focusing on extending our reach with new outlets and increasing our product offerings in our catering services. To overcome the problem of labour shortage, we will also explore the use of automated cooking equipment to increase productivity.

# Operations Review
## Malaysia

### Year in Review

The operating environment in 2018 for Season Confectionary & Bakery ("Season Confectionary"), Season's Café and Swensen's (Malaysia) was a challenging one, due to growing competition and rising costs in Malaysia's food retail and restaurant sectors. Nevertheless, our strategy to streamline operations is aimed at sustaining value in the longer term.

### Prospects

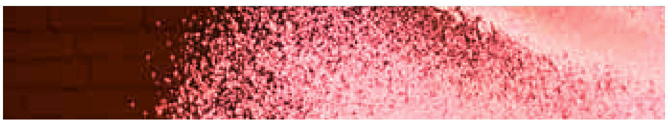
Pushing on ahead, Season Confectionary aims to maintain its market position by expanding its presence and offering a wider range of quality products, while Season's Café and Swensen's (Malaysia) will continue to deliver good service, exciting and creative food and sundaes, and value-for-money meals to our customers.

Investing in human resources, employee training on product knowledge and quality of service so that our staff stay well-informed about our products and are able to effectively sell our products remain a key priority for the Group. Investing in new machinery and refining workflow processes will continue to be key strategies in improving productivity and efficiency.

Apart from our traditional annual marketing activities, we will also explore the promotion of our products and restaurants via the social media environment in the digital space.

As we continue to develop our brands in Malaysia, we will be on the lookout for potential partners in related industries to promote awareness of our brands and products. We will also continue to expand our regional footprint and remain relevant by seeking new and strategic locations for our outlets and rejuvenate existing ones. We will also continue to create and launch new products with appropriate marketing strategies.

## SEASON CONFECTIONARY & BAKERY



Season Confectionary is a household brand in Malaysia retailing freshly baked cakes, bread, confectionery, pastries and the iconic Season mooncakes. Backed by an operational history of over 40 years, the Season Confectionary brand has grown to over 20 outlets located across Johor Bahru.

### Rejuvenating Our Outlets

In the year under review, Season Confectionary revamped its existing outlets at Johor Bahru City Square, KSL City Mall and Angsana Johor Bahru Mall with a revitalising facelift to feature a contemporary new look for the brand. Efforts to rejuvenate our outlets aim to offer our customers a refreshing and pleasant retail experience. The rejuvenation exercise at these three outlets was met with an encouraging increase in sales and is set to be rolled out across other outlets in the current year.

### Refreshing Flavours

In order to maintain the appeal of our product offerings interesting for customers, we engaged in continuous research and development to create new and innovative cake and bun flavours to attract new customers and keep our loyal customers coming back for more.

### Promotional Activities

In addition, our marketing efforts included the launch of refreshed packaging themes as well as rigorous promotion activities aimed at attracting more customers. Promotional activities during the year included monthly cake promotions, the introduction of new confectionery and pastries, the launch of cookies packaged in premium gift boxes and the release of a new album of cake designs.

# Operations Review
## Malaysia

Through targeted monthly promotions, we have been able to enhance the awareness of our brands. Marketing of our monthly promotions included giving away discount vouchers though the dissemination of our Season Confectionery 2018 calendar, strategically displayed point-of-sale posters, distribution of leaflets and the adoption of social media to communicate our promotions.

In the first two months of 2018, we held a Lucky Draw cash giveaway in celebration of the Chinese New Year ("CNY") festive season. Alongside the Lucky Draw, we introduced some new CNY cookie flavours and ramped up options for our CNY hampers.

In March and April 2018, our cake and bun promotions garnered much popularity. In addition, we created a range of smaller cakes for Mothers' Day and Fathers' Day, catering to smaller sized modern families.

With the change in ruling party after the Malaysian General Elections on 9 May 2018, consumer confidence and propensity to spend rose. Further, a tax holiday of 0% GST for the period from 1 June to 31 August 2018 coincided with Hari Raya Puasa and helped to draw shoppers from around the region and in turn boosted sales of our Hari Raya products.

In August and September 2018, our annual Mooncake Festival Lucky Draw, in which a car was featured as the main prize, continued to attract much attention and drew many customers to our stores.

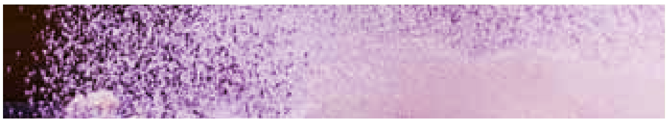
In October 2018, we introduced a new line of Deepavali cookies to cater to the Indian community.

For the year-end festive season, alongside the launch of our Christmas cookies, buns and cakes, Season Confectionery calendars for 2019 and discount vouchers were given away to our customers.

### Expansion Policy

In line with our expansion policy to increase the accessibility of our brands and expand our market share, we continuously seek out new and strategic potential outlet locations. We have successfully secured shop spaces at R&F Mall (located near Johor Bahru city centre) and Ikano Shopping Centre (located beside Ikea Johor Bahru), both of which aim to open in 2019. Nevertheless, with the opening of new malls such as Ikea, Aeon Dato Onn and Paradigm Mall in Johor Bahru, the addition of new retail space has encouraged an influx of new entrants to the F&B industry. Locating our outlets in these malls ensures that we benefit from the high volume of footfall, but it also means that we experience intense competition in our operating environment.

## SEASON'S CAFÉ



Season's Café operates a number of café outlets across Johor Bahru and serves quality local and Western dishes at affordable prices. Season's Café's unique brand positioning is to create a fun and casual family-friendly dining environment, offering families a place to relax, connect, share a meal and make memories. Balloons are distributed on weekends to simulate the ambience of a carnival for our young customers.

### Promotional Activities

In collaboration with Disney USA, we launched a range of ice cream cakes featuring well-loved Disney characters in November 2018. In addition, diners enjoyed a 40% discount on our all-time favourite, The Earthquake, on Tuesdays.

Always making sure that we have a treat for everyone in the family, Season's Café rolled out a promotion in 2018 for senior citizens in which diners over 60 years of age enjoyed a 50% discount on their orders on weekdays.

# Operations Review
## Malaysia

In the year under review, Season's Café continued to focus on the promotion of value set meals, attractive purchase-with-purchase offers, campaigns in collaboration with our landlords and tie-ups with credit card merchants, which have been proven strategies that meet with positive responses from customers.

During the year, Season's Café also continued to promote its catering menu and the response so far has been encouraging.

### Rejuvenating Our Outlets

After the outlet at Plaza Pelangi was upgraded and refreshed in March 2017, Season's Café went on to renovate its City Square outlet, which welcomed customers back in June 2018 upon completion of the renovation works.

## SWENSEN'S MALAYSIA

Swensen's Malaysia serves a similar menu of delights and specialty ice cream as its Singapore counterpart. It operates nine franchised and corporate-owned outlets spread across Malaysia.

### Promotional Activities

In its efforts to keep product offerings interesting and attractive, Swensen's (Malaysia) featured new set meal promotions, festive themed set meal promotions and free top-ups for drinks and ice cream. In addition, attractive purchase-with-purchase promotions, collaborations with landlords and convenient tie-ups with credit card merchants encouraged increased visits to our restaurants.

In November 2018, Swensen's (Malaysia) launched its new menu alongside tie-ups with credit card merchants such as American Express and payment portals such as Alipay to extend cashless payment options to our customers.

In the year under review, Swensen's (Malaysia) continued to refine its promotion strategy to create awareness of its brand and increase spending at our restaurants. In our efforts to extend our reach in Malaysia, Swensen's (Malaysia) opened three new outlets in 2018.

# SUSTAINABILITY REPORT

## Board Statement

Welcome to ABR's Sustainability Report for FY2018. At ABR, we believe that driving our business using sustainable methods and practices allows us to achieve sustainable and resilient growth of our businesses. This report provides information on the areas in which we believe we have the most environmental, social and governance ("ESG") impact, together with our performance and targets in these areas.

A core focus of our ESG best practices is our belief in and commitment to making a difference to our community. Over the years, we have cultivated a culture of giving back to our community, building on and widening our corporate social responsibility initiatives as well as our network of outreach partners. We were delighted to receive the Champion of Good award, which recognises companies that are catalysts of change for corporate giving, once again in 2018.

As the Board of Directors of ABR, we have been overseeing the development of this sustainability report, supported by our management team. This involved a materiality assessment to identify the key ESG factors for our business as well as developing performance indicators and targets.

We are delighted to share our sustainability journey with you in this report and would like to thank everyone who has been a part of our journey for their support throughout the years. With our sustainability goals in mind, we will continue to work towards strengthening our capabilities, creating meaningful value for stakeholders and being a positive contributing member of our community.

## About this Report

This report describes the sustainability performance of ABR for FY2018 and forms part of ABR's Annual Report 2018.

**Reporting Period**
1 January 2018 to 31 December 2018

**Reporting Framework**
This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2016) and the GRI Reporting Principles were considered. This report references the following GRI Standards and topic-specific Disclosures:

- Disclosure 401-1: New employee hires and employee turnover
- Disclosure 403-2: Types of injury and rates of injury
- Disclosure 404-3: Percentage of employees receiving regular performance and career development reviews
- Disclosure 413-1: Assessment and management of economic, social, cultural, and/or environmental impacts on local communities in the vicinity of operations
- Disclosure 416-2: Health, safety and/or quality considerations for the consumer, including the adherence to customer health and safety regulations and voluntary codes
- Disclosure 419-1: Compliance with various laws and regulations relevant to your business activities

**Scope of Report**
Unless otherwise stated, this report is prepared in respect of our Swensen's and Earle Swensen's restaurants and ice-cream manufacturing operations in Singapore. Our employee data includes employees within our Head Office, Swensen's and Earle Swensen's in Singapore.

**Feedback**
We welcome feedback from all stakeholders. Please send questions, comments, suggestions or feedback relating to this report or our sustainability performance to enquiries@abr.com.sg.

## Sustainability Governance at ABR

| | |
|---|---|
| **Board** | Oversees and manages the direction, approach and performance of sustainability of ABR. |
| **Sustainability Steering Committee** | Comprises senior management personnel who monitor and manage our sustainability practices & keeps the Board updated of material developments. |
| **Sustainability Task Force** | Comprises data owners from each department who are responsible for the sustainability performance of their respective departments. |
| **All Staff** | |

# SUSTAINABILITY REPORT

## Stakeholder Communication

As one of the market leaders in the casual western dining category and one of the preferred choices in good value family dining, we recognise that our business operations and reputation affect, and is affected by, the perceptions of a diverse group of stakeholders. An effective and successful collaboration with stakeholders, both internal and external, is the key to tackling sustainability issues and improving sustainability practices.

Through pro-active engagement with our stakeholders, we have identified our key ESG concerns and evaluated the risks and opportunities of sustainability strategies and sustainability action plans. Our approach towards stakeholder engagement is summarised in this section.


| Investors | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | Annually | As required | | |
| **Communication Channels** | SGXNet | Annual General Meeting | Extraordinary General Meeting | | |

| Customers | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | All the time | | | |
| **Communication Channels** | Guest satisfaction surveys | Open feedback channels | | | |

| Employees | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | All the time | Annually | All the time | All the time |
| **Communication Channels** | Induction programme for new employees | Training and development programmes | Career development performance appraisals | Recreational and wellness activities | Regular e-mailers and meetings |

| Communities | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | All the time | All the time | | |
| **Communication Channels** | Corporate giving and philanthropy activities | Engagement with community projects and charities | Open feedback channels | | |

| Government | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | All the time | | | |
| **Communication Channels** | Meetings and dialogue sessions | Membership in industry associations such as Singapore Institute of Directors (SID), Singapore Business Federation (SBF) and Restaurant Association of Singapore (RAS) | | | |

| Business Partners | | | | | |
|---|---|---|---|---|---|
| **Communication Frequency** | All the time | All the time | | | |
| **Communication Channels** | Regular dialogue sessions with key service providers | Established channels of communication | | | |

# SUSTAINABILITY REPORT

## Materiality Assessment

Guided by our independent sustainability consultant, we conducted a materiality assessment in 2017 to identify our key areas with significant ESG impacts. The assessment was undertaken in line with the GRI Standards to identify and validate material ESG factors.

**STEP 1: IDENTIFICATION**
Our independent sustainability consultant identified a non-exhaustive list of economic, environmental, social and governance topics through peer benchmarking.

**STEP 2: SELECTION**
Our senior management considered and rated these topics for their significance to and impact on our operations. Their perspective encapsulates input they have received from various stakeholders, both internal and external, whom they interact with in their roles.

**STEP 3: VALIDATION**
The topics selected from Step 2 were confirmed and validated by our Board.

## Material ESG Factors

The six material ESG factors selected in 2017 were reviewed and considered to continue to be relevant in 2018. These factors selected for sustainability reporting in this report are listed below.

| | | |
|---|---|---|
| Product Quality and Safety<br>• Customer Health & Safety | Our People<br>• Talent Retention and Development<br>• Occupational Health and Safety | Responsible Sourcing |
| Environmental<br>• Waste Management | Corporate Compliance<br>• Socio-Economic Compliance | Community Engagement<br>• Local Communities |

## Product Quality and Safety

As a restaurant operator and ice cream manufacturer, ensuring that our food and beverage products are safe for consumption is our top priority. We maintain stringent food quality standards through implementing our food handling and processing practices in our day-to-day operations. We closely monitor our food preparation process and conduct regular checks to ensure that our practices are complied with.

| Performance 2018 | Target 2019 |
|---|---|
| Zero incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations. | Zero incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations. |
| Obtained "A" grading from NEA for all outlets save for one outlet which obtained a "B" grading. | Obtain "A" grading from NEA for all outlets. |
| Achieved and maintained Grade A for excellence in food hygiene, sanitation and processing from AVA for our ice-cream manufacturing facility. | Maintain Grade A for AVA's annual grading assessment. |

# SUSTAINABILITY REPORT

There were no incidents of significant fines or non-monetary sanctions for non-compliance with applicable health and safety related regulations over the last year allowing us to achieve our 2018 target. We will continue to maintain the same target for the forthcoming year. We are also pleased to say that we were able to achieve our 2018 target of maintaining Grade A for excellence in food hygiene, sanitation and processing from AVA for our ice-cream manufacturing facility, and we will maintain the same target for the forthcoming year. We mostly achieved our 2018 target of obtaining an "A" grading from NEA save for one outlet which obtained a "B" grading. We will strive to achieve an "A" grading for all outlets in the forthcoming year.

## Restaurant Operations

| | |
|---|---|
| **National Environment Agency ("NEA")**<br>*Food Safety & Handling* | Grading System for Eating Establishments and Food Stalls<br>Retail food establishments are given a grade by NEA based on the overall hygiene, cleanliness and housekeeping standards of the premises. In 2018, all of our outlets obtained an "A" grading from NEA save for one outlet which obtained a "B" grading. Going forward, we aim to obtain "A" grading from NEA for all outlets.<br><br>Food Hygiene Officer<br>We maintain a core team of certified Food Hygiene Officers comprising our management chefs who oversee our food hygiene systems and exercise close vigilance and supervision to enforce a high standard of food hygiene in our food preparation. |
| **Majlis Ugama Islam Singapura ("MUIS")**<br>*Halal Certification* | All of our restaurants in Singapore are Halal-certified by MUIS, the Islamic Religious Council of Singapore. We undertake regular audits to ensure that we maintain valid Halal certification at all times and will continue to do so going forward. |
| **Health Promotion Board ("HPB")**<br>*Healthier Dining Programme* | Customers have varying nutritional requirements and the demand for healthier and more nutritional menu options has been increasing. To cater to this, we regularly review our product offerings and seek to provide a wide variety of food and beverage menu options.<br><br>We are a participating partner under HPB's Healthier Dining Programme. In order to qualify, restaurants have to offer at least three dishes that are lower in calories, provide wholegrain options, serve complimentary water and use healthier cooking oil.<br><br>In July 2018, Swensen's became the first restaurant chain in Singapore to produce and launch a new range of ice cream which is lower in sugar and is a source of dietary fibre as endorsed by HPB. This range is now available to our customers at all Swensen's outlets island-wide. |

## Ice Cream Manufacturing

| | |
|---|---|
| **Health Hazard Critical Control Point ("HACCP")** | HACCP is a systematic preventive approach to food safety and is used in the food industry to identify potential food safety hazards, so that key actions can be created to reduce or eliminate the risks. We have implemented a food safety management system based on HACCP since 2002. We will continue to review and update the system where necessary and conduct regular audits to ensure that there are no lapses in the system.<br><br>Microbiological level is a key food safety issue and will directly influence our product safety and shelf life. Therefore, we will continue to ensure our products meet the standard requirement set by the local authorities. |
| **MUIS**<br>*Halal Certification* | We have received Halal certification from MUIS for our ice-cream products since 2003. We undertake regular audits to ensure that we maintain valid Halal certification at all times and will continue to do so going forward. |
| **Agri-Food & Veterinary Authority of Singapore ("AVA")**<br>*Annual Grading Assessment* | In 2018, we achieved and maintained Grade A for excellence in food hygiene, sanitation and processing. Going forward, we target to continue maintaining Grade A for AVA's annual grading assessment. |

# SUSTAINABILITY REPORT

## Our People

**Talent Retention and Development**

At ABR, our people play a crucial role in the growth of our business. We believe that investing in our people and maintaining a skilled and passionate team is key to supporting our competitive advantage. It is our commitment to provide quality jobs with meaningful work, and a working environment supported by a healthy management system. We aim to create an environment where our employees feel valued and respected.

Our human resource strategies and policies are framed to enhance our company's and employees' productivity and effectiveness, and to encourage our employees' continuous contribution and growth. Our Employee Handbook sets out our policies and procedures in respect of employment hiring, learning and development, code of conduct and employment benefits.

During the year, 899 new employees joined us (2017: 880) and 823 employees left us (2017: 760). In 2018, our employee average monthly turnover rate was 2.95% (2017: 3.11%). Our 2018 target was to maintain employee average monthly turnover rate below the national industry average monthly turnover rate, which we achieved as the national industry average was 3.4%[1] in 2018. In 2019, we will once again aim to maintain employee average monthly turnover rate below the national industry average monthly turnover rate.

| Performance 2018 | Target 2019 |
|---|---|
| Employee average monthly turnover rate was 2.95% | Maintain employee average monthly turnover rate below the national industry average monthly turnover rate |

### Recruitment

ABR recruits people with shared vision and values through various avenues, such as our Employee Referral Programme and participation in recruitment fairs with government agencies and educational institutions.

In 2018, we conducted 15 recruitment fairs with different government agencies, campuses and in-house recruitment fairs. Some of the organisations we worked closely with include: e2i (Employment and Employability Institute), Ministry of Defence (MINDEF), Ministry of Home Affairs (MHA), HomeTeamNS, Workforce Singapore (WSG), Mendaki Sense, Singapore Corporation of Rehabilitative Enterprises (SCORE), Community Development Council (CDC), Management Development Institute of Singapore (MDIS), Republic Polytechnic and Crest Secondary School.

### Policies & Initiatives

We believe it is important to encourage healthy lifestyles and we undertake various initiatives to empower our people with the knowledge to do so. In 2018, we organised three health and wellness events:

- annual health screening
- eye care lunch talk on the prevention of common vision problems and free eye pressure assessment
- office ergonomics workshop which aims to create a healthier workplace environment with lesser work related injuries such as neck pain, carpal tunnel and lower back pain

In 2018, we also undertook the following initiatives:

- organised three bazaars for employee engagement
- collaborated with social welfare organisation Metta Welfare Association to run a recycling donation campaign collecting pre-loved items, where donated items were collected by a recycling company partnered with Metta

### Awards

In 2018, ABR received the NS Mark (Gold) accreditation in recognition of our efforts and commitments in providing support to our staff for their National Service commitments. The NS Mark (Gold) is conferred upon companies that have implemented policies and human resource practices in support of National Service and Total Defence.

[1] *Source: Labour Market Report 2018*

# SUSTAINABILITY REPORT

**Training and Development**
In order to adapt to the changing environment and organisational growth needs, we invest in our people through training and development programmes which strengthen their commitment to the company and boost performance at both individual and organisation levels.

In 2018, all our eligible employees received an annual performance appraisal, during which their learning needs were assessed, which is an important tool to keep employees satisfied and loyal. In 2019, we aim to continue to provide all eligible employees with an annual performance appraisal.

| | |
|---|---|
| **mLearning** | Our mobile learning system (mLearning) empowers our people to learn anytime, anywhere, from their preferred mobile devices. |
| **Food Safety Training** | We aim to equip our people with the necessary knowledge and understanding in food safety and hygiene through our training programme. Food safety and hygiene practices are continuously reviewed, implemented and maintained at all levels in our operations. |
| **ABR Talent Bank** | Our ABR Talent Bank places a strong focus on building future leaders for both the short and long term. The programme provides internal training and external classroom learning and also matches individual talents to a particular department or brand for attachment. This programme is customised to each individual and helps to align our talent management with our corporate strategies, define consistent leadership criteria across brands and identify key competencies for learning. |
| **Talent Recognition** | To encourage employees' continuous development, we adopt a strategic rewarding system to recognise our employees' contribution. Our Long Service Award Ceremony is held annually to show our appreciation to long service employees for their contributions and loyalty and to celebrate their career milestones. It was most recently held in April 2018 and a total of 67 employees received the awards. |
| **Performance Appraisal** | All eligible employees receive an annual performance appraisal each year. The performance appraisal assesses each employee's developmental needs and we do our best to give our employees access to the training they need. |

**Diversity and Equal Opportunity**
At ABR, we believe that a diverse workforce contributes different perspectives and insights which leads to increased productivity and profitability and also builds a positive image and reputation for the organisation. We strive to recruit across different demographics such as age, race, gender, religion and marital status. As part of our efforts to create an inclusive workplace, we partner with Singapore Corporation of Rehabilitative Enterprises (SCORE) to recruit ex-offenders as well as Delta Senior School under the Association for Senior Persons with Special Needs (APSN) and Metta School to provide training and employment opportunities for their students. We also believe in equal opportunity employment, and implement policies and practices to ensure fair and merit-based employment.

**Occupational Health and Safety**
The nature of our industry and working environment means that some of our people are in roles that pose some health and safety risks. As a responsible employer, we are committed to address and mitigate these risks where possible to create a zero-accident workplace environment.

This is achieved through a combination of the following measures:

- Instilling a people-oriented safety culture
- Developing and implementing policies and practices for day-to-day operations and undertaking periodic checks and inspections
- Ensuring that requisite training and certification is received by relevant employees. As an example, selected employees attended the bizSAFE Level 2 course on Risk Management Implementation Plan which aims to reduce risk at source by managing the risk management process in the workplace
- Forming and maintaining a Fire Committee to execute a systematic and orderly evacuation plan and conducting regular fire drills at Swensen's restaurants

| Performance 2018 | Target 2019 |
|---|---|
| Zero workplace injuries resulting in a fatality or permanent disability | Zero workplace injuries resulting in a fatality or permanent disability |

In 2018, there were no workplace injuries resulting in a fatality or permanent injury, allowing us to achieve our target. We will strive to achieve this target once again in the forthcoming year.

# SUSTAINABILITY REPORT

## Responsible Sourcing

| Performance 2018 | Target 2019 |
|---|---|
| Major suppliers screened using our vendor evaluation form | Continue screening major suppliers using our vender evaluation form |

### Supplier Assessment

ABR views the sustainability of our supply chain as a key part of our sustainability performance. We believe that supply chain assessments are crucial in ensuring that only high quality ingredients are sourced and used in the production and preparation of food.

Our centralised procurement team safeguards our high standards on food quality and safety and oversees our strategic cost management to drive long term sustainable savings. Our suppliers are selected after stringent assessments for product quality. This assessment involves requesting that suppliers complete the vendor evaluation form which requires them to make a self-declaration that they comply with the various mandatory requirements in health and safety and quality. Requirements include ISO 9002, HACCP, AVA and Halal certification where appropriate. Apart from the self-declaration, suppliers must provide valid and official documentation to support their declaration. In addition, it is compulsory for suppliers to provide us with their importation certification issued by AVA, under which locally produced items are required to comply with NEA's requirements.

Our selected suppliers continue to be monitored and assessed on an on-going basis to assure compliance against food health and safety as well as hygiene standards. Our supply chain management teams regularly visit factories of key suppliers to ensure they fulfil our responsible sourcing standards and identify ways to enhance their operational performance.

We are sensitive to the impact of responsible food sourcing, which is why we set and achieved a target of continuing to screen major suppliers using our vender evaluation form for 2018. This remains our target in the forthcoming year. We will also continue to undertake regular visits to suppliers to ensure and maintain a high standard for food health and safety in the forthcoming year.

### Halal Certification

Being a halal-certified business, it is important for us to ensure that products sourced from our suppliers comply with MUIS' halal certification requirements. All products received from our suppliers must be certified by a Halal Certifying Body recognised by MUIS, or certified by MUIS itself.

## Waste Management

| Performance 2018 | Target 2019 |
|---|---|
| 26% of total cooking oil sent for recycling | Maintain the percentage of total cooking oil used for recycling |

We believe that proper management of waste, effective use of resources and carrying out our day-to-day operations in an environmentally responsible manner will result in lower environmental impact and lower operating cost.

Our waste management approach is to reduce the amount of waste generated from our business operations and to encourage recycling efforts where possible. Our used cooking oil is sold to an external contractor that processes the used oil into biodiesel and other commercial products. In doing so, the used oil is recycled and will not be improperly disposed. 26.22% of our total cooking oil was recycled in 2017 and a similar 26.20% was recycled in 2018, allowing us to meet our 2018 target. For the forthcoming year, we target to maintain the percentage of total cooking oil sent for recycling.

In August 2018, we rolled out an initiative to reduce single-use plastic straws at all Swensen's outlets by not serving straws to guests who order soft drinks and juices. Customers need to request for straws if they really need them. To bring across the eco-conscious message, this is publicised with in-store point-of-sales materials and on our digital platforms.

In 2018, we also undertook an exercise to dispose and recycle electrical and bulk paper waste. A total of 6,660 kilogrammes of paper waste was recycled in July and four pallets of electrical waste were recycled in April this year.

# SUSTAINABILITY REPORT

## Corporate Compliance

| Performance 2018 | Target 2019 |
|---|---|
| Zero incidents of significant fines or non-monetary sanctions for non-compliance with laws and regulations | Zero incidents of significant fines or non-monetary sanctions for non-compliance with laws and regulations |

Maintaining public trust is of utmost priority to any company. ABR is committed to upholding high ethical standards and integrity in its operations as well as complying with all applicable laws and regulations. This involves good corporate governance, responsible business practices, as well as an accountable and transparent management system in order to prevent non-compliance, misconduct or corrupt business practices.

To fulfil our core value of "integrity", we take relevant actions to motivate our employees to comply with all applicable laws and regulations, such as SGX Listing Rules, MOM Regulations and Personal Data Protection Act. Regular review and updates are conducted by receiving information via emails from relevant regulatory websites, secretarial firms and auditors. The applicable updates are then sent to relevant employees to ensure that operations are in compliance with all changes made in policies or laws that might impact our business or finances.

ABR believes that it is important to eliminate the risk of undesirable behaviour among employees in order to prevent reputational damage and establish stakeholder trust. All employees are required to adhere to the Employee Handbook which includes the Employee Code of Conduct and Conflicts of Interest Policy in their daily work and business execution. We do not tolerate any violation of the Code and treat every reported case and possible violation incident seriously. To ensure that conflicts of interest are identified, declared and managed, all employees occupying a position of trust are required to make an annual declaration in respect of any potential or actual conflicts of interest.

We also encourage open communication with employees. A whistle-blowing policy is in place to provide a transparent channel for employees to report concerns about unethical or unlawful behaviour and matters related to organisational integrity. Any form of retaliation against an individual who in good faith reports a suspected violation is prohibited. In addition, we provide feedback channels and anonymous hotlines to further strengthen our determination of zero-tolerance approach towards corruption and fraud.

There were no incidents of significant fines or non-monetary sanctions for non-compliance with applicable laws and regulations in 2018, allowing us to meet our target. Moving forward, ABR is committed to ensure and maintain a high standard of corporate governance and business conduct in order to comply with industry norms and safeguard the interest of our stakeholders. For the forthcoming year, we target to maintain zero incidents of significant fines and non-monetary sanctions for non-compliance with laws and regulations.

## Community Engagement

| Performance 2018 | Target 2019 |
|---|---|
| Engaged with 31 community projects and charities | Engage with 30 or more community projects and charities |

We recognise our business operations can have impacts, whether positive or negative, on the communities within which we operate. Where possible, we try to anticipate and avoid creating negative impacts on our local communities. At the same time, it is important to us that we consciously continue to engage in activities that positively impact our local communities.

At ABR, we believe in giving back to the community, and this has contributed to our success over the years. We partner with various organisations, including government bodies and registered charities, to address a variety of identified concerns and focus on causes that the local communities are concerned about.

Based on the three fundamental pillars of our community engagement, which are People with Disabilities, Children and Youth and Families, we continue to extend our community engagement efforts in 2018. As a result, we focussed our community engagement efforts on four key areas: Education and Training, Children Initiative, Rehabilitation Efforts and Community Outreach. Please refer to the "Corporate Social Responsibility" section of this Annual Report for more details on these activities.

We engaged with 31 community projects in 2018, an increase of two on last year, allowing us to achieve our 2018 target. In the forthcoming year, we target to engage with 30 or more community projects and charities.

# CORPORATE SOCIAL RESPONSIBILITY

**Community Care Engagements of ABR in 2018**

## Company of Good

The National Volunteer & Philanthropy Centre ("NVPC"), in partnership with the Singapore Business Federation Foundation ("SBFF") and supported by the Ministry of Culture and Community and Youth ("MCCY"), launched the Company of Good in 2016 as part of its vision to drive corporate giving in Singapore and to make "goodness the business of every organisation". The Company of Good helps convert corporate non-givers into givers and encourages companies that already give to become multipliers and leaders of good.

ABR became a Founding Member (Corporate) of the Company of Good in June 2016. Consecutively in both 2017 and 2018, ABR was conferred the Champion of Good award in recognition of its exemplary giving.

## Tan Tock Seng Hospital ("TTSH")

In June 2018, ABR started regular donations of ice cream to the TTSH Palliative Care team, which focuses on providing relief from pain and stress to patients diagnosed with life-limiting illnesses such as advanced cancers and organ failure. These patients are often unable to enjoy the luxury of dining at their favourite restaurants. The team at ABR works with other food sponsors in fulfilling these patients' cravings and their requests for food.

In November 2018, ABR staff volunteers distributed free ice cream to raise funds for the TTSH Community Fund during a TTSH community outreach event held in conjunction with World Hospice & Palliative Care Day 2018.


## AWWA School

AWWA School provides special education to children with multiple disabilities and children with autism within the age range of seven to eighteen years. Its programme aims to improve the quality of life for students with special needs and help them learn independence.

In October 2018, ABR signed a community collaboration Memorandum of Understanding with AWWA to help its students reinforce their lifelong learning skills, which is valid till December 2020.

In 2018, ABR supported the renovation of the AWWA School canteen to create an F&B training ground as part of AWWA's School Based Attachment Training programme. Also as part of this programme, a Tip Top food kiosk was set up.

ABR also supported AWWA events by donating Swensen's ice cream, and offered job placements and job opportunities to the current students and graduates of AWWA.

## Association for Persons with Special Needs ("APSN") – Delta Senior School

Active collaboration between ABR and APSN began in 2008. Since then, ABR has been involved in the Work Experience Program under APSN, providing Swensen's restaurants as venues for real-life on-the-job training for Delta Senior School's students aged 16 and above. Graduates from Delta Senior School are also being employed at Swensen's.

In July 2013, ABR collaborated with Delta Senior School to set up an on-campus Swensen's training "café" to better prepare students for work by reinforcing their employability. Five years later in 2018, ABR continued to render technical support and resources to operate the training café. Alongside this, APSN donation boxes have been placed at Swensen's outlets islandwide since 2015.

## Metta Employment Pathway Program

Initiated by ABR in 2013, the Metta Employment Pathway Program is a work attachment programme which provides training for Metta School students within a real work environment as they prepare to join the workforce.

In 2018, ABR continued its partnership with Metta School for the care of the community through the training of vocational skills. In addition, ABR was a sponsor for the Metta Charity Golf Tournament held in July 2018.

## Community Development Council ("CDC")

ABR has been working closely with various CDC Career Centres since 2012 to offer job opportunities to the general

# CORPORATE SOCIAL RESPONSIBILITY

## Community Care Engagements of ABR in 2018

public who seek help for job placements. The collaboration has continued through the years till today.

### Club Rainbow

Since 2005, ABR has been giving out Swensen's ice cream birthday cakes to the beneficiaries of Club Rainbow every month. Over the last 13 years, more than 500 ice cream cakes were given out each year. In 2018, ABR continued with this good practice.

ABR has also been involved with the annual sponsorship of Club Rainbow's fund raising initiatives since 2013. In 2018, ABR sponsored ice cream for both Camp Rainbow and Ride For Rainbows events.

In December 2018, ABR initiated and organised a cake baking and decoration workshop for Club Rainbow beneficiaries between the ages of seven and fifteen. Nanyang Polytechnic, a long standing partner of Swensen's, was roped in as a venue sponsor. Staff and student volunteers from the polytechnic joined staff volunteers from ABR during the workshop in creating a memorable experience for the beneficiaries from Club Rainbow.

### HCA Hospice Care ("HCA")

HCA is a charity that provides home hospice care free-of-charge to about 3,500 patients annually.

ABR has been donating ice cream birthday cakes to the terminally ill patients under the care of the Star PALS (Paediatric Advanced Life Support) programme since 2013. This continued in 2018. Additionally, ABR also sponsored ice cream for the HCA Charity Golf Tournament held in September 2018.

### Ngee Ann Polytechnic

Annual sponsorship of The ABR Book Prize for Business & Social Enterprise graduands has been on-going since 2012 and continued in 2018.

### SCORE

ABR has been working with the Singapore Corporation of Rehabilitative Enterprises ("SCORE") since 2010 to provide employment opportunities to ex-offenders.

ABR is involved in SCORE's various programmes including the Direct Release and Residential Scheme, and participates in SCORE's recruitment interviews held at prisons. ABR provides professional training and grooms these candidates to the best of their potential, paving a career pathway to motivate them. With greater opportunities, fair remuneration and performance-based promotions, ex-offenders continue to benefit from this initiative as part of our efforts to facilitate their integration back into society.

In recognition of our contribution towards the rehabilitation and reintegration of ex-offenders, ABR was conferred the Spark Of Hope 2018 Award by SCORE.

### Make-A-Wish Foundation

Since 2015, ABR has been a sponsor for The Santa Run for Wishes, an annual fund-raising initiative organised by the Make-A-Wish Foundation. The event brings together people from all walks of life through a fun run, with participants dressed up in cheerful festive outfits. In 2018, The Santa Run was held on 2 December 2018.

ABR also sponsored ice cream for the Make-A-Wish Charity Golf event held in April 2018, which was aimed at raising funds to help make wishes come true for children suffering from critical illnesses.

### MINDS

Since 2015, Swensen's has been sponsoring ice cream for The Purple Parade, aimed at building a more inclusive society and to celebrate the abilities of persons with special needs. In 2018, The Purple Parade was held on 28 October 2018.

### Autism Resource Centre

Swensen's was once again the ice cream sponsor for Autism Resource Centre's annual fundraising event, A Very Special Walk, held in July 2018. Proceeds raised are channelled towards training and support for adults with autism to help them excel in suitable jobs.

### Northlight School

In 2018, Swensen's at Changi Airport Terminal 2 participated in the Northlight School job attachment programme organised by Changi Foundation in support of the school's students in their journey towards work readiness. A short but meaningful five day work attachment was offered as part of this programme. Swensen's has been an active participant in this programme since 2016.

# BOARD OF DIRECTORS


Front row from left to right:

Ang Yee Lim | Chua Tiang Choon, Keith

Back row from left to right:

Ang Lian Seng | Leck Kim Seng | Lim Jen Howe | Quek Mong Hua | Allan Chua Tiang Kwang

# BOARD OF DIRECTORS

## CHUA TIANG CHOON, KEITH
Executive Chairman

Mr Keith Chua was appointed as the Non-Executive Chairman on 28 March 2002 and has served as the Executive Chairman of the Group since 1 August 2004. He is also a member of the Nominating Committee.

Mr Chua is presently also the Managing Director and Company Secretary of Kechapi Pte Ltd, a substantial shareholder of the Company. He is also the Managing Director of the Alby group of companies in Singapore and Australia for the past 20 years. Mr Chua serves on the boards of a number of private and unlisted companies in Singapore.

He is a substantial shareholder of the Company through his deemed interests in Kechapi Pte Ltd and Alby (Private) Limited.

Mr Chua was last re-elected as a director on 24 April 2017.

## ANG YEE LIM
Managing Director

Mr Ang Yee Lim was appointed to the Board as an Executive Director on 25 May 2004. He was subsequently appointed as the Managing Director on 1 July 2004.

Mr Ang has over 10 years of experience in the food and beverage business and more than 30 years of experience in property development and investment in Singapore, Malaysia, Indonesia and Thailand. Mr Ang also sits on the boards of some of the Group's subsidiaries.

Mr Ang is a substantial shareholder of the Company.

## ANG LIAN SENG
Executive Director

Mr Ang Lian Seng has served as an Executive Director on the Board since 4 May 2001. He also serves as a member on the Remuneration Committee.

In addition to his appointment, Mr Ang has been involved in the property development sector and serves on the boards of a number of property development and investment private companies in Singapore. Mr Ang also sits on the boards of the Group's subsidiaries and associated companies.

Mr Ang was last re-elected as a director on 27 April 2018.

## LECK KIM SENG
Executive Director

Mr Leck Kim Seng has served as a Non-Executive Director on the Board since 18 February 2002 and as an Executive Director on the Board since 20 March 2002.

Mr Leck has over 20 years of experience in property and resort development in Singapore, Malaysia, Indonesia and the People's Republic of China. Mr Leck also sits on the boards of some of the Group's subsidiaries.

Mr Leck was last re-elected as a director on 24 April 2017.

## ALLAN CHUA TIANG KWANG
Non-Executive Director

Mr Allan Chua has served as a Non-Executive Director on the Board since 18 February 2002. Mr Chua is also a member of the Audit Committee.

He is a Director of Kechapi Pte Ltd and serves on the boards of a number of private and unlisted public companies in Singapore.

Mr Chua is a substantial shareholder of the Company through his deemed interests in Kechapi Pte Ltd and Alby (Private) Limited.

Mr Chua was last re-elected as a director on 27 April 2018.

## QUEK MONG HUA
Independent and Non-Executive Director

Mr Quek Mong Hua has served as an Independent Director on the Board since 21 August 2003. He is a member of the Audit, Remuneration and Nominating Committees. Mr Quek currently chairs the Remuneration and Nominating Committees.

Mr Quek is a senior partner of the law firm Messrs Lee & Lee. Mr Quek started his legal practice in 1980 with Messrs Lee & Lee. His working experience included an eight-year stint with the Singapore Legal Service as a District Judge of the Subordinate Courts of Singapore from 1992 to 1994 and thereafter as a Senior State Counsel with the Attorney-General's Chambers until he rejoined Messrs Lee & Lee in April 2000. When he left the legal service, he was holding the appointment of Deputy Head of the Civil Division. Mr Quek is also a member of the Military Court of Appeal under appointment of the Singapore Armed Forces Council.

Mr Quek was last re-elected as a director on 28 April 2016.

## LIM JEN HOWE
Independent and Non-Executive Director

Mr Lim Jen Howe has served as an Independent Director on the Board since 21 August 2003. He is a member of the Audit, Remuneration and Nominating Committees. Mr Lim currently chairs the Audit Committee.

Mr Lim has more than 35 years of experience in finance and accounting. He has been a practising Public Accountant for more than 25 years and is a founding partner of Messrs Thong & Lim, Chartered Accountants of Singapore. He is also an independent director of TalkMed Group Limited and Caregivers Alliance Limited.

Mr Lim was last re-elected as a director on 28 April 2016.

# KEY MANAGEMENT

## NG SOO NOI

Group Chief Financial Officer
ABR Holdings Limited

Ms Ng Soo Noi oversees the finance, accounting, tax and treasury functions of the Group.

Ms Ng has over 20 years of experience in accounting, finance and auditing. Having started her career as an auditor with an international accounting firm, she subsequently moved on to join a public listed industrial conglomerate where she held managerial position in the financial and management accounting areas.

Prior to joining the Company in October 1999, she was the regional financial controller of a public listed company where she spent over 2 years in the People's Republic of China overseeing the finance function of the operations there.

Ms Ng is a Fellow member of the Association of Chartered Certified Accountants (United Kingdom) and a member of the Institute of Singapore Chartered Accountants.

## NG CHENG WEE

General Manager, Swensen's Operation
ABR Holdings Limited

Mr Ng Cheng Wee is responsible for the management and operations of Swensen's, Earle Swensen's and special projects in Singapore as well as oversees franchise auditing. Mr Ng first joined the Company in 1995 as Deputy Restaurant Manager cum Area Trainer and over the years, rose to the rank of Senior Area Manager in 2005.

He then pursued his career with an international franchise food chain, overseeing the new organisation set up in Singapore and Malaysia from 2006 to 2009 before re-joining ABR in 2009 as Operations Manager.

Mr Ng was promoted to General Manager, Swensen's Operation in May 2014.

## LIEW HOCK MENG

Executive Chef
ABR Holdings Limited

Mr Liew Hock Meng is responsible for menu creation, menu engineering, kitchen workflow designing as well as oversees franchise auditing for the Group.

Mr Liew first joined the Company in 1982 as Assistant Outlet Chef and was promoted to Outlet Chef in 1984. He then pursued his career with a local hotel from 1988 to 1990 before re-joining the Company as Head Chef in 1990 and was subsequently promoted to Executive Chef in 2002.

Prior to joining the Company, Mr Liew had over 10 years of experience with various F&B chains.

## LECK KIM SONG

Group General Manager
Season Confectionary & Bakery Sdn Bhd

Mr Leck Kim Song is responsible for the management and operations of Season Confectionary & Bakery Sdn Bhd. He has over 20 years of experience in building, civil engineering, recreation and resort development in Singapore, Australia and Indonesia.

He holds a BSc in Building with Honours from Heriot-Watt University, Edinburgh, and a MSc in Project Management from the University of Melbourne. He is a Chartered member of the Royal Institution of Chartered Surveyors (UK), the Chartered Institute of Building (UK), the Chartered Management Institute (UK) and the Australian Institute of Building. He is also a corporate member of the Singapore Institute of Surveyors and Valuers.

## LEE SIANG CHOO

CEO
Executive Director
Chilli Padi Group

Ms Lee Siang Choo is responsible for the overall management and operation of the Chilli Padi Group. Ms Lee also oversees quality control, procurement and menu creation and innovation for the Chilli Padi Group. With her love for the intricacies of Peranakan culture and passion for cooking, she established the first Chilli Padi eatery in 1997. Since then, she has grown and expanded the business to food catering, confinement food delivery and cafeteria operations.

## LEE BOON HWA

Executive Director
Chilli Padi Group

Mr Lee Boon Hwa is responsible for strategic planning and business development of the Chilli Padi Group. He has been instrumental in identifying potential business opportunities and expanding the business in Singapore.

Mr Lee joined the Chilli Padi Group in 2000.

Mr Lee received his Bachelor's Degree in Computer Science from National University of Singapore in 1992.

# GROUP STRUCTURE

ABR HOLDINGS LIMITED

- 100% All Best Foods Pte Ltd
- 100% Europa Specialty Restaurants (S) Pte Ltd
- 100% Food Creations Pte Ltd
- 100% Lawry's (Singapore) Ltd
  - 80% Season Confectionary & Bakery Sdn Bhd
    - 100% Swensen's (Malaysia) Sdn Bhd
    - 100% SSCB Pte Ltd
  - 80% Season's Café Sdn Bhd
- 99.9% ABR (HK) Limited
  - 100% ED Swensen's BV
- 80% Chilli Padi Holding Pte Ltd
  - 100% Chilli Api Catering Pte Ltd
  - 100% Chilli Padi Nonya Restaurant Pte Ltd
  - 100% Chilli Padi Nonya Catering Pte Ltd
- 51% Kitchen Alchemy Pte Ltd
- 100% Europa Lounge and Restaurant Pte Ltd
  - 1% PT ABR Bintan Investments
- 100% ABR Property Investments Pte Ltd
  - 99% PT ABR Bintan Investments
  - 49% ABR CCH Land Sdn Bhd
    - 100% E Khidmat Integriti Sdn Bhd
- 100% All Best Realty Pte Ltd
  - 20% Goodwill Influx Sdn Bhd
    - 100% Armani Hartajaya Sdn Bhd
- 100% Permai Puncakmas Sdn Bhd
  - 19% Sering Manis Sdn Bhd

Note: Group Structure as at 31 December 2018 and it excludes dormant companies

# CORPORATE INFORMATION

## DIRECTORS
Chua Tiang Choon, Keith
Ang Yee Lim
Ang Lian Seng
Leck Kim Seng
Allan Chua Tiang Kwang
Quek Mong Hua
Lim Jen Howe

## JOINT SECRETARIES
Toon Choi Fan
Lee Bee Fong

## REGISTERED OFFICE
41 Tampines Street 92
Singapore 528881
Tel: (65) 6786 2866
Fax: (65) 6782 1311
Company Registration No. 197803023H

## REGISTRAR
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte Ltd)
80 Robinson Road #02-00
Singapore 068898

## AUDITOR
Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Foong Chooi Chin
(Appointed since financial year ended 31 December 2016)

## SOLICITORS
Lee & Lee

## PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd

# Contents

## Corporate Governance and Financial Report

# Report on Corporate Governance

The Board of Directors of ABR Holdings Limited (the "Company") is committed to maintaining good standards of corporate governance and has applied the principles of the Code of Corporate Governance 2012 (the "Code"). This report discusses the Company's corporate governance processes and activities with specific references to the principles set out in the Code. Where there are deviations from the Code, appropriate explanations are provided. The Monetary Authority of Singapore has issued a revised Code of Corporate Governance ("The Revised Code") that applies to annual reports covering financial years commencing from 1 January 2019. Accordingly, the Company will adopt The Revised Code for its financial year ending 31 December 2019.

## BOARD MATTERS

***Principle 1 – The Board's conduct of affairs***

The Board's principal functions are to:

- formulate procedures and strategies to ensure good corporate governance within the Group;
- review and approve financial policies, investments and strategies to be implemented by the Management;
- approve the Company's annual business plan including the annual budget, capital expenditure and operational plans;
- oversee the processes for risk management, financial reporting and compliance;
- consider sustainability issues in the formulation of its strategies; and
- identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation.

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgment in ensuring that their decisions are objective and in the best interests of the Company.

To assist the Board in the execution of its responsibilities, the Board has constituted various committees namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). The role and function of each committee is described in subsequent sections in this Annual Report. While certain responsibilities have been delegated to these committees, the ultimate responsibility for any final decision lies with the entire Board.

During the year in review, the Board scheduled five Board meetings to review among other things, the financial performance of the Group, approve the release of the quarterly and full year financial results, approve the annual budget as well as to consider and approve the Group's strategic direction and investment proposals.

The number of Board and Board sub-committee meetings held in the year and the attendance of each Director are as follows:

| | Board | | Audit Committee | | Remuneration Committee | | Nominating Committee | |
|---|---|---|---|---|---|---|---|---|
| **Director's name** | **No. of meetings held** | **No. of meetings attended** | **No. of meetings held** | **No. of meetings attended** | **No. of meetings held** | **No. of meetings attended** | **No. of meetings held** | **No. of meetings attended** |
| Chua Tiang Choon, Keith | 5 | 5 | NA | NA | NA | NA | 1 | 1 |
| Ang Yee Lim | 5 | 5 | NA | NA | NA | NA | NA | NA |
| Ang Lian Seng | 5 | 5 | NA | NA | 1 | 1 | NA | NA |
| Leck Kim Seng | 5 | 5 | NA | NA | NA | NA | NA | NA |
| Allan Chua Tiang Kwang | 5 | 5 | 5 | 5 | NA | NA | NA | NA |
| Quek Mong Hua | 5 | 5 | 5 | 5 | 1 | 1 | 1 | 1 |
| Lim Jen Howe | 5 | 5 | 5 | 5 | 1 | 1 | 1 | 1 |

*NA : Not Applicable*

The Company's Constitution allows the Board to hold telephonic and videoconference meetings. If any of the Directors are not able to physically attend the Board meetings in Singapore, the Company adopts the policy of connecting them via the telephone, where necessary.

The Board has adopted a set of internal guidelines which sets out limits for capital expenditure, investments and divestments, bank borrowings, share issuance, dividends and cheque signatories' arrangements to be approved at Board level.

# Report on Corporate Governance

To enable the Directors to remain updated with the law and corporate governance practices, the Company continues to provide a training budget for the Directors to fund their participation at industry conferences and seminars, and attendance at any training course, where required. Incoming Directors have full access to the minutes of all previous Board meetings to familiarise themselves with the Company's business and governance practices. They are further briefed by the Management on the business activities of the Company and the Group and its strategic directions. Upon appointment of each Director, the Company will provide a letter to the Director setting out the director's duties and obligations.

The Company Secretary provides regular updates on the latest governance and listing policies during Board meetings, as and when required. All Directors are updated regularly concerning any changes in the Company policies. During the year, the Board was briefed and/or received updates on regulatory changes, industry developments, business initiatives and changes to the accounting standards.

All Directors are encouraged to constantly keep abreast of developments in regulatory, legal and accounting frameworks that are of relevance to the Group through the extension of opportunities for participation in training courses, seminars and workshops as relevant and/or applicable.

***Principle 2 – Board composition and guidance***

The Board comprises seven Directors – an Executive Chairman, a Managing Director, two Executive Directors, one Non-Executive Director and two Independent Non-Executive Directors. The Directors bring to the Company a combination of knowledge and expertise in the areas of law, accounting, finance, banking and business management.

Two out of the seven Directors are independent and the Board recognises that this is not in accordance with the Code's guidelines that Independent Directors should make up at least one-third of the Board, or half the Board as the Executive Chairman is part of the management team and is not an independent director. The Board is of the view that the current Board size and composition are appropriate and effective to provide the necessary objective inputs to the various decisions made by the Board. The Board will constantly examine its composition from time to time to ensure a strong and independent element on the Board. Profiles of the Directors are found in the "Board of Directors" section of this Annual Report.

Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its shareholders who have an interest of at least 10% of the Company's total voting shares, or its officers, including confirming not having any relationships and circumstances set out in Guideline 2.3 of the Code, that could interfere, or be reasonably perceived to interfere, with the exercise of independent judgment in carrying out the functions as an Independent Director with a view to the best interests of the Group. Each of the Independent Directors has also confirmed his independence in accordance with the Code. The NC and the Board has reviewed, determined and affirmed that Mr Lim Jen Howe and Mr Quek Mong Hua are independent and free from any relationship outlined in the Code.

Presently, Mr Lim Jen Howe and Mr Quek Mong Hua have served as independent directors of the Company for more than nine years since their initial appointment in 2003. The Board has subjected their independence to a particularly rigorous review.

The Board is of the view that Mr Lim Jen Howe and Mr Quek Mong Hua continue to demonstrate strong independence in character and judgment in the discharge of their responsibilities as directors of the Company. This view is reinforced by the track record of independence as demonstrated during their tenure. Based on the declaration of independence received from Mr Lim and Mr Quek, they have no association with the Management that could compromise their independence. After taking into account all these factors, the Board has determined Mr Lim and Mr Quek continue to be considered independent directors, notwithstanding they have served on the Board for more than nine years from the date of their first appointment.

The NC, with the concurrence of the Board, is of the opinion that the current Board size and composition comprises an appropriate balance and diversity of skills, experience and knowledge of the Company, which provides broad diversity of expertise such as finance, accounting, legal, business management, industry knowledge and strategic planning experience, and is appropriate and effective to ensure the balance of power and authority to facilitate effective decision making, having taken into consideration the nature and scope of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and the Board committees. The Company does not have any gender diversity policy and all appointments and employment are based strictly on merit and not driven by any gender bias.

The Non-Executive Directors constructively review and assist the Board to facilitate and develop proposals on strategy and review the performance of the Management in meeting agreed objectives and monitor the reporting performance.

The Independent Directors have full access to and co-operation of the Company's Management and officers. They also have full discretion to convene separate meetings without the presence of Management and to invite any Directors or officers to the meetings as and when warranted by certain circumstances.

# Report on Corporate Governance

The Independent and Non-Executive Directors communicate without the presence of the Management as and when the need arises. The Company also benefits from the Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of meetings of the Board and Board committees.

***Principle 3 – Chairman and Chief Executive Officer***

Mr Chua Tiang Choon, Keith has been the Chairman of the Group since 28 March 2002. On 1 August 2004, he became the Executive Chairman. Since 1 July 2004, the Board has appointed Mr Ang Yee Lim as the Managing Director of the Company. Mr Chua and Mr Ang are both substantial shareholders of the Company.

As Executive Chairman, Mr Chua is responsible for the overall management and strategic decision making of the Group jointly with Mr Ang, the Managing Director of the Company. In addition, Mr Chua ensures that Board meetings are held on a regular basis and sets the agenda for each meeting in consultation with the Directors, the Management and the Company Secretary as necessary. Where matters arise which requires the Board's deliberation and decision, he ensures that ad-hoc meetings are held. The Executive Chairman is instrumental in steering the Board in setting policies for its corporate governance compliance and internal controls and also in formulating strategies for the Group's business and direction.

Mr Ang Yee Lim, who is the Managing Director of the Company, assumes responsibility for running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses. The Executive Chairman and Managing Director are accountable to the Board and they assume responsibilities for the Group's overall direction and running the day-to-day business of the Group with clear division of responsibilities agreed by the Board.

The Executive Chairman, the Managing Director and the two other Executive Directors form the Executive Committee ("Exco") appointed by the Board. The Exco is responsible for the oversight of the Group's businesses and performance.

The Executive Chairman and the Managing Director, while both being part of the Exco, are two unrelated individuals. Taking into account the relatively small size of the Board and that the Company has two Independent Non-Executive Directors, the Board is of the view that there is currently no need to appoint one of them as the lead Independent Director. Shareholders can channel any concerns they may have to either one of the Independent Non-Executive Directors. Thereafter, the Independent Non-Executive Directors will provide feedback to the Executive Chairman after such meetings.

At annual general meetings ("AGMs") and other general meetings, the Executive Chairman ensures constructive dialogue between the Board, management and shareholders, and maintains good standards of corporate governance.

***Principle 4 – Board membership***

<u>Nominating Committee</u>

The NC is formed to look into, amongst other matters, the appointment of new Directors to the Board and comprises the following three Directors, the majority of whom, including the Chairman of the NC, are independent:

- Mr Quek Mong Hua (Chairman and Independent Non-Executive Director)
- Mr Lim Jen Howe (Member and Independent Non-Executive Director)
- Mr Chua Tiang Choon, Keith (Member and Executive Chairman of the Group)

The NC has specific written terms of reference setting out its duties and responsibilities. The NC's main duties and functions are as follows:

* to re-nominate directors for re-election in accordance with the Company's Constitution at each AGM and having regard to the Director's contribution and performance;
* to make recommendations to the Board on all Board appointments having regard to the Director's contribution, performance and ability to commit sufficient time and attention to the affairs of the Group taking into account the Director's commitments outside of the Group;
* to review and recommend the appointment and re-appointment of directors (including alternate directors, if applicable);
* to review and recommend to the Board the composition of the AC and RC;
* to determine annually whether a Director is independent, bearing in mind the guidelines set out in the Code;

# Report on Corporate Governance

* to decide whether a Director is able to and has been adequately carrying out his duties as a Director of the Company in particular where the Director concerned has multiple board representations. Where possible, the NC shall formulate internal guidelines that can address the competing time commitments that are faced when Directors serve on multiple boards;
* to assess the performance of the Board as a whole and the contribution by each Director to the effectiveness of the Board;
* to review board succession plans for Directors, in particular, the Chairman and the Chief Executive Officer; and
* to review and recommend training and professional development programmes for the Board.

Where a vacancy arises, the NC will consider each candidate for directorship based on the selection criteria determined after consultation with the Board and after taking into consideration the qualification and experience of such candidate, his/her ability to enhance the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives, the NC will recommend the candidate to the Board for approval. Under the Company's Constitution, a newly appointed Director shall retire at the AGM following his/her appointment and he/she shall be eligible for re-election.

The NC has in place a process for the selection of new Directors and re-appointment of Directors as follows:

* the NC evaluates the balance of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with Board, prepares a description of the role and the essential and desirable competencies for a particular appointment;
* if required, the NC may engage consultants to undertake research on, or assess, candidates for new positions on the Boards;
* the NC meets with short-listed candidates to assess their suitability and ensure that the candidates are aware of the expectations; and
* the NC makes recommendations to the Board for approval.

Currently, the Company does not have any alternate Director on the Board.

The Company's Constitution provides that one-third of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third, shall retire by rotation at every AGM. Accordingly, the Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three years. The following Directors will retire and seek re-election at the forthcoming AGM:

- Mr Lim Jen Howe
- Mr Quek Mong Hua
- Mr Ang Yee Lim

The NC makes recommendations to the Board on re-appointments of Directors based on their contributions and performance, a review of the range of expertise, skills and attributes of current Board members, and the needs of the Board.

The NC has considered and taken the view that it would not, at this time, be appropriate to set a limit on the number of listed directorships that a Director may hold because directors have different capabilities, the nature of the organisations in which they hold appointments and the committees on which they serve are of different complexities. Accordingly, each Director will personally determine the demands of his competing directorships and obligations and assess the number of listed directorships he can hold and serve effectively. The NC considers that the multiple board representations held presently by the Directors do not impede their respective performance in carrying out their duties to the Company.

The NC is satisfied that sufficient time and attention are being devoted by the Directors to the affairs of the Company and the Group during FY2018. The NC will continue to review from time to time, the Board representations and other principal commitments to ensure that Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

Key information regarding Directors such as academic and professional qualifications, shareholding in the Company and its subsidiaries, Board committees served, date of first appointment as Director and date of last re-election as Director are set out in the "Board of Directors" section of this Annual Report.

As for the succession planning for the Directors, NC is of the view that the duties and functions of the Executive Directors can be sufficiently covered by the existing management infrastructure in the event of any unforeseen circumstances.

# Report on Corporate Governance

***Principle 5 – Board performance***

The NC is responsible for setting the performance criteria to assess the effectiveness of the Board as a whole, and the contributions by the Executive Chairman and each individual Director to the effectiveness of the Board. In the assessment, the NC takes into consideration a number of factors, namely the size and composition of the Board, the Board's access to information, Board proceedings, the discharge of the Board's functions and the communications and guidance given by the Board to the Management.

A formal review of the Board's performance will be undertaken collectively by the Board annually. The Board's performance will also be reviewed by the NC with inputs from the other Board members. The Chairman of the Board will act on the results of the performance evaluation and recommendation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of the Directors, in consultation with the NC.

Upon reviewing the assessment, the NC is of the view that the performance of the Board as a whole is satisfactory. The NC is satisfied that each member of the Board has been effective and efficiently contributed to the Board and the Group during the year.

Each member of the NC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of his own performance or re-nomination as a Director.

***Principle 6 – Access to information***

The Directors are provided with relevant Board papers and information prior to each Board meeting. The Company Secretary or representative from the Company Secretary's office administers, attends and prepares minutes of Board meetings, and assists the Executive Chairman in ensuring that Board procedures are followed and reviewed so that the Board functions effectively and the Company's Constitution and the relevant rules and regulations applicable to the Company are complied with.

Board members are also provided with a monthly management report of the Group, comprising financial statements, sales and analysis reports, to apprise the Board regularly on the performance of the Group's business. Other information is also provided to the Board members as needed on an on-going basis.

The Directors have separate and independent access to the Company's senior management, external auditor and the Company Secretary at all times. Should the Directors, either individually or as a group, require independent professional advice, such professionals will be appointed at the Company's expense. The appointment and removal of the Company Secretary are decided by the Board as a whole.

## REMUNERATION MATTERS

***Principle 7 – Procedures for developing remuneration policies***
***Principle 8 – Level and mix of remuneration***

Remuneration Committee

The RC's objective is to make recommendations to the Board on the Group's framework of executive remuneration as well as to review the adequacy and form of the compensation of Executive Directors (members of the Board who are employees of the Company, whether full time or part-time) to ensure that the compensation realistically commensurates with the responsibilities and risks involved in being an effective Executive Director.

The RC comprises the following three members, the majority of whom, including the Chairman of the RC, are Independent Non-Executive Directors:

- Mr Quek Mong Hua (Chairman and Independent Non-Executive Director)
- Mr Lim Jen Howe (Member and Independent Non-Executive Director)
- Mr Ang Lian Seng (Member and Executive Director)

The Board recognises that the composition of the RC is not in accordance with the Code's guidelines that the RC should be made up of entirely Non-Executive Directors. However, the Board is of the view that the current composition of the RC is able to provide the necessary objective inputs to the various decisions made by the Board. Mr Ang Lian Seng, a Board member and Executive Director, also abstains from all discussions, deliberations and decision of his own remuneration.

# Report on Corporate Governance

The RC will meet at least once a year. The RC carries out its duties in accordance with a set of terms of reference which includes the following:

* recommend to the Board a framework of remuneration for the Directors and key management personnel;
* determine specific remuneration packages for each Executive Director as well as for the key management personnel;
* review annually the remuneration of employees related to the Directors and Substantial Shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
* review the Company's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
* oversee the administration of the employees' share option scheme and such other similar share plans as may be implemented by the Company from time to time; and
* other acts as may be required by the Singapore Exchange Securities Trading Limited and the Code from time to time.

The RC is responsible for ensuring a formal and transparent procedure is in place for fixing the remuneration packages of Executive Directors and key management personnel. All aspects of remuneration, including but not limited to, Directors' fees, salaries, bonuses and allowances are reviewed by the RC. The annual variable bonus and performance-related component of Executive Directors' remuneration takes into account the Group's financial performance.

The RC considers and reviews the disclosure of Directors' remuneration in the annual report. The RC also ensures that the Independent Directors are fairly compensated so that their independence will not be compromised. The RC's recommendations are submitted to and endorsed by the Board. Though none of the RC members specialises in the area of executive compensation, the RC has access to the Company's Human Resource Manager as well as to external human resource professionals' expert advice where necessary.

The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2018. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors.

Directors do not decide on their remuneration package and abstain from voting at RC meetings when their own remuneration is being deliberated.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company and the Group. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

***Principle 9 – Disclosure on remuneration***

The remuneration of the Directors and the top six key management personnel, who are not Directors of the Company, for FY2018, are disclosed below. The disclosure is to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

The remuneration of each Director and the top six key management personnel has been disclosed in the respective bands. The remuneration for the Executive Directors and the top six key management personnel comprises fixed and variable components. The fixed component is in the form of monthly salary whereas the variable component is linked to the performance of the Group and individual. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

The Company does not have any employee share scheme currently.

# Report on Corporate Governance

The Board, with the concurrence of the RC, is of the opinion that the remuneration of the Independent Directors is appropriate to the level of contribution, taking into consideration the effort and time spent and responsibilities, the prevailing market conditions and referencing Directors' fees against comparable benchmarks, such that Independent Directors are not over-compensated to the extent that their independence may be compromised.

The breakdown (in percentage terms) of each Director and the top six key management personnel's remuneration for FY2018, are as follows:

| Directors | Salary[1] % | Bonus[1] % | Fees[2] % | Allowances and other benefits % | Total % |
|---|---|---|---|---|---|
| **$250,000 to below $500,000** | | | | | |
| Chua Tiang Choon, Keith | 73 | 24 | – | 3 | 100 |
| Ang Yee Lim | 73 | 24 | – | 3 | 100 |
| Ang Lian Seng | 77 | 23 | – | – | 100 |
| **Below $250,000** | | | | | |
| Leck Kim Seng | 85 | 15 | – | – | 100 |
| Allan Chua Tiang Kwang | – | – | 100 | – | 100 |
| Quek Mong Hua | – | – | 100 | – | 100 |
| Lim Jen Howe | – | – | 100 | – | 100 |

| Key Management Personnel | Salary[1] % | Bonus[1] % | Fees % | Allowances and other benefits % | Total % |
|---|---|---|---|---|---|
| **$250,000 to below $500,000** | | | | | |
| Lee Siang Choo | 100 | – | – | – | 100 |
| Lee Boon Hwa | 100 | – | – | – | 100 |
| **Below $250,000** | | | | | |
| Ng Soo Noi | 83 | 17 | – | – | 100 |
| Leck Kim Song* | 70 | 24 | – | 6 | 100 |
| Ng Cheng Wee | 79 | 16 | – | 5 | 100 |
| Liew Hock Meng | 81 | 16 | – | 3 | 100 |

* *Mr Leck Kim Song is the brother of the Executive Director, Mr Leck Kim Seng; uncle of the Executive Director, Mr Ang Lian Seng; and cousin of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim.*

In aggregate, the total remuneration paid to the top six key management personnel in FY2018 is $1,377,876.

# Report on Corporate Governance

Employees who are the immediate family members of the Directors with remuneration exceeding $50,000 during FY2018 are as follows:

| Employees | Salary[1] % | Bonus[1] % | Fees % | Allowances and other benefits % | Total % |
|---|---|---|---|---|---|
| **From $150,001 to $200,000** | | | | | |
| Leck Kim Song | 70 | 24 | – | 6 | 100 |
| **From $100,000 to $150,000** | | | | | |
| Ang Lian Tiong | 84 | 15 | – | 1 | 100 |
| Ang Pheck Choo | 86 | 11 | – | 3 | 100 |

Mr Leck Kim Song is the brother of the Executive Director, Mr Leck Kim Seng; uncle of the Executive Director, Mr Ang Lian Seng; and cousin of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim. Mr Ang Lian Tiong is the brother of the Executive Director, Mr Ang Lian Seng; nephew of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim; and nephew of the Executive Director, Mr Leck Kim Seng. Ms Ang Pheck Choo is the sister of the Executive Director, Mr Ang Lian Seng; niece of the Managing Director and Substantial Shareholder, Mr Ang Yee Lim; and niece of the Executive Director, Mr Leck Kim Seng.

**Notes:**
1 *The salary and bonus percentages shown are inclusive of CPF.*
2 *Fees for FY2018 are subject to shareholders' approval at the forthcoming AGM.*

## ACCOUNTABILITY AND AUDIT

***Principle 10 – Accountability***

The Board recognises the importance of providing accurate and relevant information to shareholders on a timely basis to ensure that the shareholders have a balanced and understandable assessment of the Group's performance.

In discharging its responsibility of providing accurate relevant information on a timely basis to shareholders in compliance with statutory and regulatory requirements, the Board provides timely release of the Group's financial results, which discloses a balanced and understandable assessment of the Group's performance, position and prospects.

The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules, where appropriate.

On a monthly basis, the Management will update the Board on the Group's financial performance of each business unit. Such reports compared the Group's actual performance against the budget and results of the previous year. The Group's financial performance will also be discussed during the Board meetings on a quarterly basis. They also highlight key business indicators and major issues that are relevant to the Group's performance from time to time, in order for the Board to make balanced and informed assessments of the Group's performance, position and prospects.

***Principle 11 – Risk management and internal controls***

The Board is responsible for the governance of risk. It ensures that the Management maintains a sound system of risk management and internal controls to safeguard the Company's shareholders' interests and the Group's assets and to determine the nature and extent of significant risks which the Board is willing to take in achieving its strategic objectives.

The Group has carried out an enterprise risk assessment study to identify key risks within the business as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies. With the results of the enterprise risk assessment study, Management considered and instituted controls to mitigate any significant exposure to the Group. The effectiveness of the controls is assessed regularly through the Group's ongoing internal audit programme as well as the annual Control Self-Assessment ("CSA") programme. The CSA is established to assist Management and the Board in obtaining assurance on the adequacy and effectiveness of the system of internal controls. On a yearly basis, the respective department and business unit heads are required to review, assess and report on the adequacy and effectiveness of key mitigating internal controls under their responsibilities.

# Report on Corporate Governance

The internal auditors ("IA") has reviewed the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls and risk management systems during the year. There were no significant internal control or risk management systems weaknesses highlighted by the IA during its course of audit. Its reports were provided to the relevant department or business unit for follow-up action. Implementation of the required improvement measures were monitored.

In addition, no major control or risk management systems weaknesses on financial reporting was highlighted by the external auditor in the course of the statutory audit.

The Board is of the view that the system of internal control of the Group provides reasonable, but not absolute, assurance against material financial misstatements or loss. The system also ensures the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and containment of business risks. However, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Based on the internal controls established and maintained by the Group, work performed by the IA and external auditor and reviews performed by the Management, the Board with the concurrence of the AC, is of the opinion that the risk management and internal controls systems which addresses the Group's financial, operational, compliance and information technology controls and risks management systems, during the financial year are adequate and effective.

The Board has received assurance from the Executive Directors and the Group Chief Financial Officer that:

- the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances; and
- the Company's risk management and internal control systems are adequate and effective.

***Principle 12 – Audit Committee***

The AC comprises the following three members, all of whom are Non-Executive Directors and the majority, including the Chairman of the AC, are independent:

- Mr Lim Jen Howe (Chairman and Independent Non-Executive Director)
- Mr Quek Mong Hua (Member and Independent Non-Executive Director)
- Mr Allan Chua Tiang Kwang (Member and Non-Executive Director)

The Chairman of the AC, Mr Lim Jen Howe, is by profession a practicing Public Accountant and is a founding partner of Messrs Thong & Lim, Chartered Accountants of Singapore. He has more than 35 years of experience in finance and accounting. The other members of the AC are experienced in law, business and financial management.

The AC met five times during the year. During the financial year, the AC has discharged the main functions and key duties set out in accordance with its terms of reference, as follows:

- reviewed the scope of work of the external auditor;
- reviewed the scope of work of the IA;
- reviewed the audit plans and discussed the results of the findings and evaluation of the Group's system of internal controls;
- reviewed interested party transactions of the Group and the procedures set up to monitor and report on such transactions;
- met with the Company's external auditor and IA without the presence of Management once;
- reviewed the independence of external auditor;
- reviewed the quarterly and full year financial results announcements, as well as the annual financial statements of the Group before submission to the Board for approval;
- reviewed the Company's procedures for detecting fraud and whistle-blowing matters; and
- reviewed the major acquisitions and disposals of the Company.

The AC is also responsible for the nomination of the external auditor for re-appointment. Before nomination, the AC has conducted an annual review of the external auditor's services provided to the Group during the year. The AC has also conducted a review of the cost effectiveness and the non-audit services provided by the auditor to the Group during the year and are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the auditor before recommending the auditor's re-appointment.

# Report on Corporate Governance

The AC has recommended to the Board the nomination of Messrs Baker Tilly TFW LLP for re-appointment as external auditor of the Company at the forthcoming AGM. The audit partner of the external auditor is rotated every five years, in accordance with the requirements of the Listing Manual. In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Listing Rules 712 and 715. In addition, the AC is satisfied that the Company has complied with Rule 717 of the Listing Manual regarding the audit of the foreign subsidiaries.

The aggregate amount of fees paid and/or payable to the external auditor amounted to approximately $165,800 for audit services and $30,400 for non-audit services rendered by the external auditor.

The AC has full access to and co-operation from Management and has full discretion to invite any Director or officer to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

The AC also takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements.

No former partner or director of the Company's auditing firm has acted as a member of the Company's Audit Committee.

The Company has implemented a whistle-blowing policy, whereby employees of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention.

***Principle 13 – Internal audit***

The Group has outsourced its internal audit function to Virtus Assure Pte Ltd. In performing the internal audits effectively, the team comprises certified Internal Auditors with The Institute of Internal Auditors, thereby ensuring that the internal audit function is adequately resourced and has the appropriate standing.

The IA reports directly to the Chairman of the AC.

The role of the IA and scope of its responsibilities are as follows:

- review the Group's key business segments in the different territories in which they operate, on a risk-oriented process based audit;
- apprise Management and report to the AC concerning the adequacy and effectiveness of the system of internal controls in all areas of the business of the Group. The system includes the policies, systems and procedures pertaining to procurement, operations, sales and marketing, manufacturing, accounting and financial processes, information technology infrastructure and human resources; and
- assist the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal controls and governance processes.

Annual internal audit plan is submitted to the AC for approval prior to the commencement of the audit work and the IA plans its internal audit schedules in consultation with the Management.

The IA carries out its function in accordance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors Inc. The AC ensures that the Management provides good support to the IA and provides it with access to documents, records, properties and personnel when requested in order for the IA to carry out its function accordingly. The IA also has unrestricted access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal controls and recommendations for improvements are reported to the AC. The AC will review the adequacy and effectiveness of the internal audit function annually.

During the year, the IA completed internal audits of Swensen's confectionery operations in Malaysia and the Chilli Padi Group's operations in Singapore. The IA also completed internal audits of the Company's corporate service functions, including information technology security and control and human resources.

Based on the review of IA, the AC believes that the IA function is independent, and has adequate resources to perform its function effectively and objectively and to meet the needs of the Group in its current business environment.

# Report on Corporate Governance

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

***Principle 14 – Shareholder rights***
***Principle 15 – Communication with shareholders***
***Principle 16 – Conduct of shareholder meetings***

The Group has followed closely the requirements in the Listing Manual in disclosing material information through SGXNET relating to its business and operations. The Group recognises the importance of maintaining transparency and accountability to its shareholders. In line with the continuing disclosure obligations of the Company pursuant to the Listing Rules and the Companies Act, Cap. 50 of Singapore, the Group is committed to providing shareholders with adequate, timely and relevant information pertaining to the Group's business developments, financial performance and other factors which could have a material impact on the Company's share price. The Company communicates with shareholders and the investing community through the timely release of announcements via SGXNET. In addition, the Annual Report 2018 is distributed to shareholders at least 14 days before the AGM to be held on 25 April 2019. The Group's quarterly and full year financial results for the year in review were released within 45 days and 60 days respectively for each of the relevant period.

While safeguarding its commercial interests, the Company discloses price sensitive information on an immediate basis where required under the Listing Rules. Material information on the Group is released to the public through the Company's announcements via the SGXNET.

The Company attends to the queries of the shareholders promptly. All shareholders receive the annual report and notice of AGMs. The notice is also advertised in the newspapers and published on the SGXNET. Separate resolutions are tabled for each distinct issue during the AGMs.

Shareholders are given the opportunity to participate actively during the AGM. The Group believes in effective and fair communication with shareholders and is committed to hearing shareholders' views and addressing their concerns. The Company's Constitution allows all shareholders to vote at any general meeting of the Company either personally or by proxy or by attorney or in the case of a corporation, by a representative. The Company's Constitution does not allow a shareholder to vote in absentia such as via mail, electronic mail or facsimile. All Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC and the external auditor are intended to be in attendance at the forthcoming AGM to address any queries of the shareholders.

Shareholders are also informed of the rules and voting procedures governing general meeting during the AGM.

In considering the form, frequency and amount of dividends that the Board may recommend or declare in respect of any particular year or period, the Board takes into account various factors including:

- The level of the Group's cash and retained earnings.
- The Group's actual and projected financial performance.
- The Group's projected levels of capital expenditure and other investment plans.
- The Group's working capital requirements and general financing condition.

Any payouts of dividend are clearly communicated to shareholders in public announcements and via announcements on SGXNET when the Company discloses its financial results. The Company has proposed a one-tier tax exempt final dividend of 1.50 Singapore cents per ordinary share in respect of FY2018, subject to shareholders' approval at the forthcoming AGM.

All the Directors, including the Chairman of the Board and the respective Chairman of the AC, NC and RC, were present together with the external auditor at the last AGM held on 27 April 2018 to address questions raised by shareholders.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. These meetings provide excellent opportunity for the Board to engage with shareholders to solicit their feedback. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notice is also released via SGXNET and published in local newspapers.

# Report on Corporate Governance

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

The Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

## INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders.

During FY2018, there were no interested person transactions amounting to more than $100,000.

## DEALINGS IN SECURITIES

The Board has adopted Rule 1207(19) of the Listing Manual applicable to the Directors as well as executives in relation to dealings in the Company's securities. Directors and executives are also expected to observe insider trading laws at all times when dealing in the Company's securities. Directors and relevant employees of the Company are reminded at the appropriate time, that dealings in the Company's shares during the period commencing two weeks before the announcement of the Company's interim results or one month before the announcement of the Company's full year results, as the case may be, and ending on the date of announcement of the results, are prohibited. An officer should also not deal in the Company's securities on short-term considerations.

## MATERIAL CONTRACTS

There are no material contracts of the Group and of the Company involving the interests of the Executive Chairman, the Managing Director (both of whom are deemed to be in the position of the Chief Executive Officer), each other Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

# Report on Corporate Governance

## ADDITIONAL REQUIREMENTS UNDER RULE 720(6) OF THE LISTING MANUAL

Information relating to Directors seeking re-election at the upcoming Annual General Meeting is as follows:

| **Name of Director** | **Lim Jen Howe** | **Quek Mong Hua** | **Ang Yee Lim** |
|---|---|---|---|
| Date of Appointment | 21 August 2003 | 21 August 2003 | 25 May 2004 - Appointed as Executive Director<br><br>1 July 2004 - Appointed as Managing Director |
| Date of last re-appointment (if applicable) | 28 April 2016 | 28 April 2016 | Nil |
| Age | 66 | 66 | 67 |
| Country of principal residence | Singapore | Singapore | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, contribution and performance, preparedness and suitability of Mr Lim Jen Howe for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Lim Jen Howe possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the qualification, work experiences, contribution and performance, preparedness and suitability of Mr Quek Mong Hua for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr Quek Mong Hua possesses the requisite experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Ang Yee Lim for re-appointment as Managing Director of the Company. The Board has reviewed and concluded that Mr Ang Yee Lim possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility | Non-executive | Non-executive | Executive<br><br>Responsible for the overall management and strategic decision making of the Group jointly with the Executive Chairman; running the day-to-day business of the Group; ensures implementation of policies and strategy across the Group as set by the Board; manages the Management team; and leads the development of the Group's strategic direction including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing businesses. |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Independent Non-Executive Director, Chairman of the Audit Committee, Member of the Nominating Committee and Member of the Remuneration Committee | Independent Non-Executive Director, Chairman of the Remuneration Committee, Chairman of the Nominating Committee and Member of the Audit Committee | Managing Director |
| Professional qualifications | Fellow of Institute of Chartered Accountants in England and Wales<br><br>MSC London Business School<br><br>Chartered Accountant, Singapore | Bachelor of Laws<br><br>Advocate & Solicitor of the Singapore Bar | Nil |
| Working experience and occupation(s) during the past 10 years | Partner of Thong & Lim, Chartered Accountants<br><br>Director of Thong & Lim Consultants Pte Ltd<br><br>Director of T&L Support Services Pte Ltd | Senior Partner of Messrs Lee & Lee | Managing Director of ABR Holdings Limited |

# Report on Corporate Governance

| Name of Director | Lim Jen Howe | Quek Mong Hua | Ang Yee Lim |
|---|---|---|---|
| Shareholding interest in the listed issuer and its subsidiaries | Please refer to "Directors' interest in shares or debentures" under the "Directors' Statement" section of this Annual Report. | Please refer to "Directors' interest in shares or debentures" under the "Directors' Statement" section of this Annual Report. | Please refer to "Directors' interest in shares or debentures" under the "Directors' Statement" section of this Annual Report. |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Nil | Nil | Mr Ang Yee Lim is the cousin of Mr Leck Kim Seng, Executive Director of the Company and Leck Kim Song, General Manager of the Company; uncle of Mr Ang Lian Seng, Executive Director of the Company. |
| Conflict of interest (including any competing business) | Nil | Nil | Nil |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes | Yes |
| Other Principal Commitments* Including Directorships | <u>Past (for last 5 years)</u><br>Nil<br><br><u>Present</u><br>• ABR Holdings Limited (Independent Director)<br>• Thong & Lim Consultants Private Limited (Director)<br>• Period Properties Pte Ltd (Director)<br>• Arbour Fine Art Pte Ltd (Director)<br>• T&L Support Services Pte. Ltd. (Director)<br>• The Anglo-Chinese Schools Foundation Limited (Director)<br>• Caregivers Alliance Limited (Independent Director)<br>• TalkMed Group Limited (Independent Director)<br>• Anglo-Chinese School Board of Governors (Member) | <u>Past (for last 5 years)</u><br>St Luke's Hospital (Alternate Director)<br><br><u>Present</u><br>• ABR Holdings Limited (Independent Director)<br>• Bethesda Frankel Estate Church Ltd (Director)<br>• Messrs Lee & Lee (Senior Partner) | <u>Past (for the last 5 years)</u><br>Nil<br><br><u>Present</u><br>Director of:<br>• ABR Holdings Limited<br>• Team-Up Overseas Investment Pte Ltd<br>• ABR (HK) Limited<br>• Season's Café Sdn Bhd<br>• Season Confectionary & Bakery Sdn Bhd<br>• Swensen's (Malaysia) Sdn Bhd<br>• Season Confectionary & Bakery (KL) Sdn Bhd<br>• Team-Up Investments (HK) Limited<br>• E.Y.F (S) Pte Ltd<br>• Kitchen Alchemy Pte Ltd<br>• EY. Food (SH) Pte Ltd<br>• EY. Food (BJ) Pte Ltd<br>• TT Hara Food Pte Ltd<br>• All Best Foods Pte Ltd<br>• ABR Land (S) Pte Ltd<br>• ABR Land Australia Pty Ltd<br>• Sering Manis Sdn Bhd<br>• ABR CCH Land Sdn Bhd<br>• ABR Property Investments Pte Ltd<br>• Permai Puncakmas Sdn Bhd<br>• E. Khidmat Integriti Sdn Bhd<br>• All Best Realty Pte Ltd<br>• Bintang Putaran Sdn Bhd<br>• Jujur Lengkap Sdn Bhd<br>• C.H.Y Regalia Limited<br>• Great Spot Limited<br>• ABR Land Sdn Bhd<br>• Gospel Theatre (Singapore) Ltd<br>• Ang & Sons Investment Company Limited |

* "Principal Commitments" has the same meaning as defined in the Code.

# Report on Corporate Governance

**Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**

| Name of Director | Lim Jen Howe | Quek Mong Hua | Ang Yee Lim |
|---|---|---|---|
| (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 | No |
| (b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No |
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | | | |
| (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 | 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 | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No | 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 | 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 | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-<br><br>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or<br><br>(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<br><br>(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<br><br>(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,<br><br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No | No |

# Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 51 to 130 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

## Directors

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

| | |
|---|---|
| Chua Tiang Choon, Keith | (Executive Chairman) |
| Ang Yee Lim | (Managing Director) |
| Ang Lian Seng | (Executive) |
| Leck Kim Seng | (Executive) |
| Allan Chua Tiang Kwang | (Non-executive) |
| Quek Mong Hua | (Independent and non-executive) |
| Lim Jen Howe | (Independent and non-executive) |

## Arrangement to enable directors to acquire benefits

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' interest in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

| | Number of ordinary shares | | | | | |
|---|---|---|---|---|---|---|
| | Direct interest | | | Deemed interest | | |
| **Name of directors** | **At 1.1.2018** | **At 31.12.2018** | **At 21.1.2019** | **At 1.1.2018** | **At 31.12.2018** | **At 21.1.2019** |
| **The Company** | | | | | | |
| Chua Tiang Choon, Keith | 300,000 | 300,000 | 300,000 | 56,925,858 | 56,925,858 | 56,925,858 |
| Allan Chua Tiang Kwang | 300,000 | 300,000 | 300,000 | 56,925,858 | 56,925,858 | 56,925,858 |
| Ang Yee Lim | 99,977,001 | 100,877,301 | 100,877,301 | – | – | – |
| Ang Lian Seng | 2,300,000 | 2,300,000 | 2,300,000 | – | – | – |
| Leck Kim Seng | 300,000 | 300,000 | 300,000 | – | – | – |
| Lim Jen Howe | 300,000 | 300,000 | 300,000 | – | – | – |
| Quek Mong Hua | 300,000 | 300,000 | 300,000 | 40,000 | 40,000 | 40,000 |

# Directors' Statement

## Directors' interest in shares or debentures (cont'd)

The deemed interests of Mr Chua Tiang Choon, Keith and Mr Allan Chua Tiang Kwang in the shares of the Company are by virtue of their shareholdings in Alby (Private) Limited, which in turn holds shares in Kechapi Pte Ltd. At 31 December 2018, Kechapi Pte Ltd holds 56,925,858 shares in the Company.

Mr Chua Tiang Choon, Keith, Mr Allan Chua Tiang Kwang and Mr Ang Yee Lim, by virtue of their interests of not less than 20% of the issued share capital of the Company, are deemed to have an interest in the whole of the share capital of the Company's wholly-owned subsidiary corporations, and in the shares of the following subsidiary corporations that are not wholly-owned by the Group:

| | Number of ordinary shares | |
|---|---|---|
| | **At 1.1.2018** | **At 31.12.2018** |
| ABR (HK) Limited | 8,001 | 8,001 |
| Cine Art Pictures Pte Ltd | 55,000 | 55,000 |
| Kitchen Alchemy Pte Ltd | 255,000 | 255,000 |
| Oishi Japanese Pizza Pte Ltd | 925,000 | 925,000 |
| Team-Up Overseas Investment Pte Ltd | 70,000 | 70,000 |
| Chilli Padi Holding Pte Ltd | 2,768,848 | 2,768,848 |

## Material contracts

There are no material contracts of the Group and of the Company involving the interests of the Executive Chairman, the Managing Director (both of whom are deemed to be in the position of the Chief Executive Officer), each other director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## Share options

No options to take up unissued shares of the Company or its subsidiary corporations were granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

# Directors' Statement

## Audit Committee

The Audit Committee comprises three members, two of whom are independent directors. The members of the Audit Committee during the year and at the date of this statement are:

Lim Jen Howe (Chairman)
Quek Mong Hua
Allan Chua Tiang Kwang

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act and performed the following functions:

(a) reviewed the independence and objectivity of the external auditor;

(b) reviewed the financial statements of the Company and of the Group for the financial year ended 31 December 2018 and the independent external auditor's report thereon;

(c) reviewed the overall scope of the audit work carried out by the independent external auditor and also met with the independent external auditor to discuss the results of their audit and their evaluation of the internal accounting control system and internal control procedures;

(d) reviewed the overall scope and timing of the work to be carried out by the internal auditors and also met with the internal auditors to discuss the results of their internal audit procedures; and

(e) reviewed interested person transactions.

The Audit Committee is satisfied with the independence and objectivity of the independent auditor and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

| | |
|---|---|
| Chua Tiang Choon, Keith<br>Director | Ang Yee Lim<br>Director |

27 March 2019

# Independent Auditor's Report
## To the Members of ABR Holdings Limited

### Report on the Audit of the Financial Statements

***Opinion***

We have audited the accompanying financial statements of ABR Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 51 to 130, which comprise the statements of financial position of the Group and of the Company as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

***Basis for Opinion***

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

***Key Audit Matters***

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

**Impairment assessment of goodwill and indefinite life intangible assets**

*Description of key audit matter:*

Management performs an annual impairment assessment of goodwill and intangible assets with indefinite life. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use for the purposes of the impairment assessment.

At 31 December 2018, the carrying values of goodwill and indefinite life intangible assets totalled $13,684,000 on the Group's consolidated statement of financial position. We consider this area to be a key audit matter because of the significance of these assets and the element of judgement and estimates applied by management in forecasting and discounting future cash flows for the impairment assessment as disclosed in Note 3 to the financial statements. Details of the impairment assessment of goodwill and intangible assets are disclosed in Note 13 to the financial statements.

*Our audit procedures and response:*

We have obtained the value in use assessment prepared by management and assessed the reasonableness of key inputs and assumptions applied by management with a focus on forecast revenue and appropriateness of discount rate and growth rate. We cross-checked and compared management's cash flow forecast to current and past years' financial performance of the CGU. We have also considered the sensitivity of key estimates on the impairment assessment. We have reviewed the Group's disclosures of the application of judgement and key assumptions applied in estimating the CGU's cash flows and the adequacy of the disclosures in the financial statements.

# Independent Auditor's Report
To the Members of ABR Holdings Limited

## Report on the Audit of the Financial Statements (cont'd)

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2018 but does not include the financial statements and our auditor's report thereon.

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

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

### *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

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

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

# Independent Auditor's Report
## To the Members of ABR Holdings Limited

### Report on the Audit of the Financial Statements (cont'd)

***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

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

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

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

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

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

### Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Foong Chooi Chin.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2019

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the financial year ended 31 December 2018

| | Note | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|---|
| **Revenue** | 4 | **125,004** | 117,990 |
| Cost of sales | | **(72,326)** | (66,285) |
| **Gross profit** | | **52,678** | 51,705 |
| Other income | 5 | **2,252** | 1,962 |
| **Expenses** | | | |
| Selling, distribution and outlet expenses | | **(33,746)** | (30,752) |
| Administrative expenses | | **(16,242)** | (14,752) |
| Other expenses | | **(634)** | (125) |
| Finance costs | 6 | **(120)** | (35) |
| Share of results of equity-accounted investees, net of tax | | **(198)** | (300) |
| **Profit before tax** | 7 | **3,990** | 7,703 |
| Income tax expense | 9 | **(765)** | (951) |
| **Profit for the year** | | **3,225** | 6,752 |
| **Other comprehensive income/(loss):** | | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | | |
| Currency translation differences arising on consolidation | | **251** | (334) |
| **Other comprehensive income/(loss) for the year, net of tax** | | **251** | (334) |
| **Total comprehensive income for the year** | | **3,476** | 6,418 |
| **Profit attributable to:** | | | |
| Owners of the Company | | **2,666** | 6,228 |
| Non-controlling interests | | **559** | 524 |
| **Profit for the year** | | **3,225** | 6,752 |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | **2,917** | 5,871 |
| Non-controlling interests | | **559** | 547 |
| **Total comprehensive income for the year** | | **3,476** | 6,418 |
| **Earnings per share for the year attributable to owners of the Company** | | | |
| Basic (cents) | 10 | **1.33** | 3.10 |
| Diluted (cents) | 10 | **1.33** | 3.10 |

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

# Statements of Financial Position
## At 31 December 2018

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31.12.2018 | 31.12.2017 | 1.1.2017 | 31.12.2018 | 31.12.2017 | 1.1.2017 |
| | Note | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 11 | **22,606** | 24,924 | 22,113 | **8,006** | 9,203 | 10,176 |
| Investment properties | 12 | **3,007** | 3,168 | 3,350 | **964** | 1,001 | 1,038 |
| Intangible assets | 13 | **16,365** | 16,878 | 278 | **–** | – | 73 |
| Investments in subsidiaries | 14 | **–** | – | – | **47,988** | 39,144 | 12,256 |
| Interests in equity-accounted investees | 15 | **17,547** | 7,775 | – | **–** | – | – |
| Held-to-maturity financial assets | 16 | **–** | – | – | **–** | – | – |
| Available-for-sale financial assets | 17 | **–** | 35 | 35 | **–** | 35 | 35 |
| Financial asset at FVOCI | 18 | **35** | – | – | **35** | – | – |
| Loans to subsidiaries | 19 | **–** | – | – | **10,233** | 10,459 | 6,239 |
| Loans to equity-accounted investees | 20 | **4,245** | 1,450 | – | **–** | – | – |
| Other asset | 21 | **381** | 381 | – | **381** | 381 | – |
| **Total non-current assets** | | **64,186** | 54,611 | 25,776 | **67,607** | 60,223 | 29,817 |
| **Current assets** | | | | | | | |
| Inventories | 22 | **2,779** | 2,727 | 2,405 | **1,588** | 1,607 | 1,422 |
| Trade and other receivables | 23 | **9,742** | 14,531 | 7,107 | **6,181** | 6,557 | 6,523 |
| Fixed deposits | 24 | **28,653** | 31,212 | 60,603 | **15,745** | 27,962 | 56,437 |
| Cash and bank balances | 24 | **20,657** | 25,399 | 21,174 | **6,353** | 6,813 | 5,728 |
| **Total current assets** | | **61,831** | 73,869 | 91,289 | **29,867** | 42,939 | 70,110 |
| **Total assets** | | **126,017** | 128,480 | 117,065 | **97,474** | 103,162 | 99,927 |

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

# Statements of Financial Position

## At 31 December 2018

| | | Group | | | Company | | |
|---|---|---|---|---|---|---|---|
| | | 31.12.2018 | 31.12.2017 | 1.1.2017 | 31.12.2018 | 31.12.2017 | 1.1.2017 |
| | Note | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Share capital | 25 | **43,299** | 43,299 | 43,299 | **43,299** | 43,299 | 43,299 |
| Other reserves | 26 | **(1,538)** | (2,211) | (82) | **–** | – | – |
| Accumulated profits | | **54,621** | 57,402 | 56,327 | **40,120** | 45,003 | 44,276 |
| **Equity attributable to owners of the Company** | | **96,382** | 98,490 | 99,544 | **83,419** | 88,302 | 87,575 |
| Non-controlling interests | | **3,789** | 2,963 | 491 | **–** | – | – |
| **Total equity** | | **100,171** | 101,453 | 100,035 | **83,419** | 88,302 | 87,575 |
| **Non-current liabilities** | | | | | | | |
| Borrowings | 30 | **321** | – | – | **–** | – | – |
| Deferred tax liabilities | 27 | **2,884** | 2,982 | 1,353 | **394** | 340 | 510 |
| Provision | 29 | **1,121** | 1,142 | – | **702** | 825 | – |
| Other liabilities | 31 | **3,640** | 4,995 | – | **1,700** | 3,095 | – |
| **Total non-current liabilities** | | **7,966** | 9,119 | 1,353 | **2,796** | 4,260 | 510 |
| **Current liabilities** | | | | | | | |
| Trade and other payables | 28 | **14,936** | 15,191 | 12,334 | **10,097** | 9,249 | 9,275 |
| Provisions | 29 | **1,588** | 1,293 | 1,944 | **1,130** | 858 | 1,702 |
| Borrowings | 30 | **380** | 142 | 176 | **–** | – | – |
| Tax payable | | **976** | 1,282 | 1,223 | **32** | 493 | 865 |
| **Total current liabilities** | | **17,880** | 17,908 | 15,677 | **11,259** | 10,600 | 11,842 |
| **Total liabilities** | | **25,846** | 27,027 | 17,030 | **14,055** | 14,860 | 12,352 |
| **Total equity and liabilities** | | **126,017** | 128,480 | 117,065 | **97,474** | 103,162 | 99,927 |

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

# Consolidated Statement of Changes in Equity

## For the financial year ended 31 December 2018

| | Total equity | Equity attributable to owners of the Company | Share capital | *Other reserves | Accumulated profits | Non-controlling interests |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | |
| Balance at 1.1.2018 | 101,453 | 98,490 | 43,299 | (2,211) | 57,402 | 2,963 |
| Profit for the year | 3,225 | 2,666 | – | – | 2,666 | 559 |
| *Other comprehensive income* | | | | | | |
| Currency translation differences | 251 | 251 | – | 251 | – | – |
| Other comprehensive income for the year, net of tax | 251 | 251 | – | 251 | – | – |
| Total comprehensive income for the year | 3,476 | 2,917 | – | 251 | 2,666 | 559 |
| *Distributions to owners* | | | | | | |
| Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2017 | (3,015) | (3,015) | – | – | (3,015) | – |
| Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2018 | (2,010) | (2,010) | – | – | (2,010) | – |
| Capitalisation of accumulated profits | – | – | – | 422 | (422) | – |
| Total distributions to owners of the Company | (5,025) | (5,025) | – | 422 | (5,447) | – |
| *Contributions from owners* | | | | | | |
| Waiver of debt | 267 | – | – | – | – | 267 |
| Total contributions from owners | 267 | – | – | – | – | 267 |
| **Balance at 31.12.2018** | **100,171** | **96,382** | **43,299** | **(1,538)** | **54,621** | **3,789** |

* An analysis of "Other reserves" is presented in Note 26.

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

# Consolidated Statement of Changes in Equity

## For the financial year ended 31 December 2018

| | Total equity $'000 | Equity attributable to owners of the Company $'000 | Share capital $'000 | *Other reserves $'000 | Accumulated profits $'000 | Non-controlling interests $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Balance at 1.1.2017 | 100,035 | 99,544 | 43,299 | (82) | 56,327 | 491 |
| Profit for the year | 6,752 | 6,228 | – | – | 6,228 | 524 |
| *Other comprehensive (loss)/income* | | | | | | |
| Currency translation differences | (334) | (357) | – | (357) | – | 23 |
| Other comprehensive (loss)/income for the year, net of tax | (334) | (357) | – | (357) | – | 23 |
| Total comprehensive income/(loss) for the year | 6,418 | 5,871 | – | (357) | 6,228 | 547 |
| *Distributions to owners* | | | | | | |
| Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2016 | (3,015) | (3,015) | – | – | (3,015) | – |
| Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2017 | (2,010) | (2,010) | – | – | (2,010) | – |
| Capitalisation of accumulated profits | – | – | – | 128 | (128) | – |
| Total distributions to owners of the Company | (5,025) | (5,025) | – | 128 | (5,153) | – |
| *Changes in ownership interest in subsidiary* | | | | | | |
| Acquisition of a subsidiary | 25 | (1,900) | – | (1,900) | – | 1,925 |
| Balance at 31.12.2017 | 101,453 | 98,490 | 43,299 | (2,211) | 57,402 | 2,963 |

* An analysis of "Other reserves" is presented in Note 26.

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

# Statement of Changes in Equity
## For the financial year ended 31 December 2018

| | Total equity $'000 | Share capital $'000 | Accumulated profits $'000 |
|---|---|---|---|
| **Company** | | | |
| Balance at 1.1.2018 | 88,302 | 43,299 | 45,003 |
| Net profit and total comprehensive income for the year | 142 | – | 142 |
| Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2017 | (3,015) | – | (3,015) |
| Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2018 | (2,010) | – | (2,010) |
| | (5,025) | – | (5,025) |
| **Balance at 31.12.2018** | **83,419** | **43,299** | **40,120** |
| Balance at 1.1.2017 | 87,575 | 43,299 | 44,276 |
| Net profit and total comprehensive income for the year | 5,752 | – | 5,752 |
| Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2016 | (3,015) | – | (3,015) |
| Tax exempt interim dividend of 1.0 cent per share for the financial year ended 31.12.2017 | (2,010) | – | (2,010) |
| | (5,025) | – | (5,025) |
| Balance at 31.12.2017 | 88,302 | 43,299 | 45,003 |

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

# Consolidated Statement of Cash Flows

## For the financial year ended 31 December 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **3,990** | 7,703 |
| Adjustments for: | | | |
| Depreciation and amortisation | | **4,986** | 4,345 |
| Gain on disposal of other investment | | **(7)** | – |
| Loss/(gain) on disposal of property, plant and equipment, net | | **2** | (7) |
| Property, plant and equipment written off | | **241** | 110 |
| Impairment loss of property, plant and equipment | | **160** | – |
| Reversal of impairment loss on other investment | | **(1)** | – |
| Deemed finance costs | | **97** | 29 |
| Share of results of equity-accounted investees | | **198** | 300 |
| Interest expense | | **23** | 6 |
| Interest income | | **(681)** | (555) |
| Operating cash flows before movements in working capital | | **9,008** | 11,931 |
| Changes in working capital: | | | |
| Inventories | | **(52)** | (322) |
| Trade and other receivables | | **1,025** | (1,754) |
| Trade and other payables | | **(1,440)** | (605) |
| Provisions | | **194** | 179 |
| Currency translation differences | | **107** | 203 |
| Cash from operations | | **8,842** | 9,632 |
| Income tax paid | | **(1,176)** | (1,078) |
| **Net cash generated from operating activities** | | **7,666** | 8,554 |
| **Cash flows from investing activities** | | | |
| Interest received | | **681** | 555 |
| Purchase of property, plant and equipment | 11 | **(2,200)** | (4,527) |
| Proceeds from disposal of property, plant and equipment | | **7** | 32 |
| Acquisition of a subsidiary, net of cash acquired | | **(8,944)** | (10,534) |
| Deposit refunded/(paid) for ceased project | 23 | **4,050** | (4,050) |
| Deposit paid for new project | | **(274)** | – |
| Proceeds from disposal of other investment | | **8** | – |
| Investment in equity-accounted investees | | **(331)** | (365) |
| Loans to equity-accounted investees | | **(3,490)** | (9,157) |
| **Net cash used in investing activities** | | **(10,493)** | (28,046) |

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

# Consolidated Statement of Cash Flows

## For the financial year ended 31 December 2018

| | Note | 2018 $'000 | 2017 $'000 |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Interest expense paid | | **(23)** | (6) |
| Proceeds from/(repayment of) borrowings | | **559** | (34) |
| Funds placed in non-liquid deposits | | **(3)** | (9) |
| Dividends paid to shareholders | | **(5,025)** | (5,025) |
| **Net cash used in financing activities** | | **(4,492)** | (5,074) |
| **Net decrease in cash and cash equivalents** | | **(7,319)** | (24,566) |
| Cash and cash equivalents at beginning of financial year | | **56,487** | 81,664 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | **15** | (611) |
| **Cash and cash equivalents at end of financial year** | | **49,183** | 56,487 |
| **Cash and cash equivalents comprise:** | | | |
| Fixed deposits | | **28,653** | 31,212 |
| Cash and bank balances | | **20,657** | 25,399 |
| | | **49,310** | 56,611 |
| Less: Funds placed in non-liquid deposits | 24 | **(127)** | (124) |
| | | **49,183** | 56,487 |

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

# Notes to the Financial Statements

For the financial year ended 31 December 2018

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

## 1 Corporate information

The Company (Co. Reg. No. 197803023H) is incorporated and domiciled in Singapore. The address of its registered office is 41 Tampines Street 92, Singapore 528881.

The principal activities of the Company are the manufacture of ice cream, the operation of Swensen's ice cream parlours cum restaurants, operation of other specialty restaurants and investment holding.

The principal activities of the subsidiaries are shown in Note 14 to the financial statements.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements are expressed in Singapore dollar ("$"), which is the Company's functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of fixed deposits, cash and bank balances, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

*New and revised standards*

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises the standards and interpretations that are identical to the International Financial Reporting Standards. As required by the listing requirements of Singapore Exchange ("SGX"), the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the financial year ended 31 December 2018 are the first set of financial statements of the Group prepared in accordance with SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I), these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

*New and revised standards (cont'd)*

The Group has also presented statement of financial position as at 1 January 2017, which is the date of transition to SFRS(I).

In addition to the adoption of the new framework, the Group also concurrently applied all new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are effective for the current financial year. The application of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or financial position of the Group and the Company.

**A. SFRS(I)**

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, subject to certain mandatory exceptions and optional exemptions under SFRS(I) 1. The application and transition to SFRS(I) did not have any significant impact on these financial statements and statements of financial position of the Group and the Company as at 31 December 2017 and 1 January 2017.

**B. SFRS(I) 15**

SFRS(I) 15 replaces FRS 18 *Revenue*, FRS 11 *Construction contracts* and other revenue-related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. SFRS(I) 15 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in SFRS(I) 15 by applying a 5-step approach.

Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The entity is required to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model; to contracts with their customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SFRS(I) 15 using the full retrospective approach. The Group has elected the practical expedient to apply the standard to contracts that are not completed at the date of initial application. Updates to the Group's accounting policy have been made as required.

The application of SFRS(I) 15 did not have any significant impact on these financial statements.

**C. SFRS(I) 9**

SFRS(I) 9 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. It includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on expected credit loss model and replace FRS 39 incurred loss model.

The Group and the Company applied SFRS(I) 9 using a modified retrospective approach, with date of initial application on 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under FRS 39. Differences arising from the adoption of SFRS(I) 9 have been recognised directly in retained earnings and other components of equity as at 1 January 2018.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

*New and revised standards (cont'd)*

**C. SFRS(I) 9 (cont'd)**

The impact upon adoption of SFRS(I) 9 as at 1 January 2018 was as follows:

*(i) Classification and measurement*

Under SFRS(I) 9, the Group and the Company classify their financial assets based on their business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The assessment of the Group's and the Company's business model was made as of the date of initial application on 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The following were the changes in classification and measurement arising from adopting SFRS(I) 9:

- Loans and receivables (including trade and other receivables (excluding prepayments and tax recoverable), fixed deposits and cash and bank balances) as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.
- Investment in unquoted equity shares classified as available-for-sale ("AFS") financial assets at cost as at 31 December 2017 are classified and measured as equity instrument designated at FVOCI beginning 1 January 2018. The Group elected to classify irrevocably its non-listed equity investment under this category at the date of initial application as it intends to hold the investment on a long-term basis.

There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The following summarises the Group's and the Company's required or elected reclassifications as at 1 January 2018 upon adoption of SFRS(I) 9:

| | | SFRS (I) 9 measurement category | | |
|---|---|---|---|---|
| | Original carrying amount | Amortised cost | FVTPL | FVOCI |
| | $'000 | $'000 | $'000 | $'000 |
| **FRS 39 measurement category** | | | | |
| **Group** | | | | |
| *Loans and receivables* | | | | |
| Loans to equity-accounted investees | 9,157 | 9,157 | – | – |
| Trade and other receivables | 12,951 | 12,951 | – | – |
| Fixed deposits | 31,212 | 31,212 | – | – |
| Cash and bank balances | 25,399 | 25,399 | – | – |
| *Available-for-sale financial assets* | | | | |
| Unquoted equity investment | 35 | – | – | 35 |
| *Financial assets at fair value through profit or loss* | | | | |
| Other non-current asset | 381 | – | 381 | – |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

*New and revised standards (cont'd)*

**C. SFRS(I) 9 (cont'd)**

*(i) Classification and measurement (cont'd)*

| | | SFRS (I) 9 measurement category | | |
|---|---|---|---|---|
| | Original carrying amount | Amortised cost | FVTPL | FVOCI |
| | $'000 | $'000 | $'000 | $'000 |
| **FRS 39 measurement category (cont'd)** | | | | |
| **Company** | | | | |
| *Loans and receivables* | | | | |
| Trade and other receivables | 5,843 | 5,843 | – | – |
| Loans to subsidiaries | 18,359 | 18,359 | – | – |
| Fixed deposits | 27,962 | 27,962 | – | – |
| Cash and bank balances | 6,813 | 6,813 | – | – |
| *Available-for-sale financial assets* | | | | |
| Unquoted equity investment | 35 | – | – | 35 |
| *Financial assets at fair value through profit or loss* | | | | |
| Other non-current asset | 381 | – | 381 | – |

*(ii) Impairment*

SFRS(I) 9 requires the Group and Company to record expected credit losses on all of its financial assets at amortised cost or debt instruments at FVOCI, either on a 12-month or lifetime basis. Upon adoption of SFRS(I) 9, there is no additional impairment required on the Group's financial assets at amortised cost. The retained earnings remain unchanged as at 1 January 2018.

Set out below is the reconciliation of the ending impairment allowances in accordance with FRS 39 to the opening loss allowances determined in accordance with SFRS(I) 9:

| | Allowance for impairment under FRS 39 as at 31 December 2017 | Remeasurement | ECL under SFRS(I) 9 as at 1 January 2018 |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Group** | | | |
| Loans and receivables under FRS39/ Financial assets at amortised cost under SFRS(I) 9 | 2,000 | – | 2,000 |
| **Company** | | | |
| Loans and receivables under FRS39/ Financial assets at amortised cost under SFRS(I) 9 | 16,023 | – | 16,023 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.1 Basis of preparation (cont'd)

*New and revised standards (cont'd)*

***New or revised SFRS(I) and SFRS(I) INT issued at the reporting date but not yet effective***

At the end of the reporting period, the following SFRS(I) and SFRS(I) INT were issued, revised or amended but not effective and which the Group has not early adopted:

SFRS(I) 16: Leases
SFRS(I) 17: Insurance Contracts
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to SFRS(I) 9: Prepayment Features with Negative Compensation
Amendments to SFRS(I) 1-28: Long-term Interests in Associates and Joint Ventures
Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
Annual Improvements to SFRS(I) 2015 – 2017 Cycle
SFRS(I) INT 23: Uncertainty over Income Tax Treatments

The Group anticipates that the adoption of these SFRS (I) and SFRS (I) INT (where applicable) in future periods will have no material impact on the financial statements of the Company and the consolidated financial statements of the Group, except as disclosed in the following paragraph.

**SFRS(I) 16: Leases**

SFRS(I) 16 replaces the existing SFRS(I) 1-17: Leases. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their statements of financial position to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. In addition, the nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of right-of-use asset and interest expense on lease liability. The accounting for lessors will not change significantly.

The Group plans to adopt the new standard on the required effective date using the modified retrospective approach and recognises any differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 16 at the date of initial application in the opening retained earnings as at 1 January 2019. Right-of-use assets are recognised at an amount equal to the lease liability (adjusted for any prepaid or accrued lease payments) on adoption.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $32,497,000 (Note 34 (a)). Of these commitments, approximately $2,842,000 relate to short term leases and leases of low value items which will be recognised on a straight-line basis as expense in profit or loss. For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately $28,335,000 on 1 January 2019. The Company expects to recognise right-of-use assets and lease liabilities of approximately $20,990,000 on 1 January 2019.

The Group is currently finalising the quantum of the final transition adjustments, which may be different upon finalisation.

### 2.2 Revenue recognition

*Revenue from sale of food and beverage and service charges*

The Group sells food and beverage and also provides servers in its full-service restaurants. Revenue is recognised at the point when the food and beverage have been served or upon delivery to customers. The amount of revenue recognised is based on the food and beverage listed prices, net of sales discounts. Service charge is recognised based on a fixed predetermined percentage over the net sales amount. Payment of the transaction price is either due immediately at the point the customer purchases the food and beverage, or on credit terms where upon initial recognition of revenue, a receivable is recognised as the consideration is unconditional and only the passage of time is required before the payment is due. No element of financing is deemed present as the consideration is repayable on demand.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.2 Revenue recognition (cont'd)

*Royalty income*

The Group licenses its trademark and grants franchise rights/licences and in exchange receives royalty income. The Group grants its customer the right to use the trade name and in return, receives sales-based royalty based on the customer's sales. No element of financing is deemed present as the consideration is repayable on demand. Upon initial recognition of revenue, a receivable is recognised as the consideration is unconditional because only the passage of time is required before the payment is due.

*Interest income*

Interest income is recognised using the effective interest method.

*Rental income*

Rental income from operating leases are recognised on a straight-line basis over the lease term.

*Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

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

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.4. In instances where the latter amount exceeds the former, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Contingent consideration transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration (other than measurement period adjustment) are recognised in profit or loss.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.3 Basis of consolidation (cont'd)

Non-controlling interests ("NCI") are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by owners of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

### 2.4 Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combinations. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate or joint venture is described in Note 2.9.

### 2.5 Property, plant and equipment and depreciation

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, restaurant supplies, crockery and cutlery that are not subject to depreciation. The cost of property, plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

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. When restaurant supplies, crockery and cutlery are replaced, the costs of replacement are expensed off.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 2 Summary of significant accounting policies (cont'd)

#### 2.5 Property, plant and equipment and depreciation (cont'd)

Depreciation is calculated on a straight-line basis to write off the cost of all property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

| | Years |
|---|---|
| Leasehold property | 50 |
| Buildings and structural improvements | 15 - 50 |
| Leasehold improvements | 1 - 10 |
| Furniture, fixtures and fittings | 5 - 10 |
| Plant and equipment | 3 - 12 |
| Motor vehicles | 5 - 12 |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

#### 2.6 Investment properties

Investment properties comprise buildings that are held to earn rental income and/or for capital appreciation. Investment properties comprise completed investment properties.

Investment properties are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 40 to 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed and adjusted as appropriate, at the end of the reporting period. The effects of any revision are included in profit or loss when the changes arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

On the disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

#### 2.7 Intangible assets

*(i) Goodwill (see Note 2.4)*

*(ii) Other intangible assets*

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and the expenditure is charged against profits in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category consistent with the function of the intangible asset.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.7 Intangible assets (cont'd)

*(ii) Other intangible assets (cont'd)*

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis. The Group's intangible assets with indefinite useful lives are trademarks and knowhow.

Amortisation for intangible assets with finite lives 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 are as follows:

- Customer relationships 10 years
- Customer contracts 2.5 years
- Favourable leases 2 years
- Franchise rights/licence 3 to 20 years
- Trademark of Tip Top 2.75 years

### 2.8 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investments in subsidiaries are accounted for at cost less any accumulated impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.9 Associated companies and joint ventures

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associated companies and joint ventures ("equity-accounted investees") are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in equity-accounted investees are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Distributions received from equity-accounted investees are adjusted against the carrying amount of the investment. When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the equity-accounted investee, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the equity-accounted investee.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.9 Associated companies and joint ventures (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity-accounted investee recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an equity-accounted investee of the Group, unrealised gains are eliminated to the extent of the Group's interest in the equity-accounted investee. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investments in equity-accounted investees are carried at cost less accumulated impairment loss. On disposal of investments in equity-accounted investees, the differences between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.10 Impairment of non-financial assets (other than goodwill and indefinite-life intangible assets)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.11 Financial assets

*The accounting policy for financial assets before 1 January 2018 are as follows:*

***Classification***

The Group classifies its financial assets according to the nature of the assets and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting period. The Group's financial assets are loans and receivables, held-to-maturity financial assets, available-for-sale financial assets and financial assets at fair value through profit or loss.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.11 Financial assets (cont'd)

*The accounting policy for financial assets before 1 January 2018 are as follows (cont'd):*

***Classification (cont'd)***

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the reporting period which are classified as non-current assets. Loans and receivables comprise loans to subsidiaries, loans to equity-accounted investees, trade and other receivables (excluding prepayments and tax recoverable), fixed deposits and cash and bank balances on the statement of financial position, except for non-current interest-free receivable from a subsidiary which have been considered to be part of the Company's net investment in the subsidiary and accounted for in accordance with Note 2.8.

*Financial assets, held-to-maturity*

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

*Financial assets, available-for-sale*

Financial assets, available-for-sale include equity that are non-derivatives and are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the assets within 12 months after the end of the reporting period.

*Financial assets, at fair value through profit or loss*

This category has two sub-categories: "financial assets held for trading", and those designated upon initial recognition at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at initial recognition are those that are managed and their performance are evaluated on a fair value basis, in accordance with a documented Group's investment strategy. Derivatives are also categorised as "held for trading" unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

***Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also transferred to profit or loss.

***Initial measurement***

Financial assets (other than financial assets at fair value through profit or loss) are initially recognised at fair value plus transaction costs.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.11 Financial assets (cont'd)

*The accounting policy for financial assets before 1 January 2018 are as follows (cont'd):*

***Subsequent measurement***

Financial assets, available-for-sale and fair value through profit or loss are subsequently carried at fair value. Available-for-sale investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment loss. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method, less impairment.

Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in fair value reserve/other comprehensive income. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in fair value reserve/other comprehensive income, together with the related currency translation differences.

Interest and dividend income on available-for-sale financial assets are recognised separately in profit or loss.

***Impairment***

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired.

*Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

If in subsequent periods, the impairment loss decrease, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversed date.

*Financial assets, held-to-maturity*

If there is objective evidence that an impairment loss on held-to-maturity financial assets has been incurred, the carrying amount of the asset is reduced by an allowance for impairment and the impairment loss is recognised in profit or loss. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in the profit or loss in the period in which the impairment occurs.

Impairment loss is reversed through the profit or loss if the impairment loss decrease can be related objectively to an event occurring after the impairment loss was recognised. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.11 Financial assets (cont'd)

*The accounting policy for financial assets before 1 January 2018 are as follows (cont'd):*

***Impairment (cont'd)***

*Financial assets, available-for-sale*

In the case of an equity security classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the security is impaired.

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that was recognised directly in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised.

Impairment losses on debt instruments classified as available-for-sale financial assets are reversed through profit or loss when the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised. However, impairment losses recognised in profit or loss on equity instruments classified as available-for-sale financial assets are not reversed through profit or loss.

For available-for-sale financial assets carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of impairment loss is recognised in profit or loss and such losses are not reversed in subsequent periods.

***Offset***

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

*The accounting policy for financial assets from 1 January 2018 onwards are as follows:*

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.11 Financial assets (cont'd)

*The accounting policy for financial assets from 1 January 2018 onwards are as follows (cont'd):*

***Classification and measurement (cont'd)***

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*i) Debt instruments*

Debt instruments include fixed deposits, cash and bank balances, loans receivable, trade receivables, other receivables (excluding prepayments and tax recoverable). The Group's debt instruments are measured as follows:

*Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

*ii) Derivatives*

Derivatives are classified and measured as financial assets at fair value through profit or loss. Movements in fair values are recognised in profit or loss in the period in which it arises and presented in "other income".

*iii) Equity instruments*

The Group has designated its equity investment that is not held for trading as at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.11 Financial assets (cont'd)

*The accounting policy for financial assets from 1 January 2018 onwards are as follows (cont'd):*

***Impairment***

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

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

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

***Offset***

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a first-in, first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

### 2.13 Cash and cash equivalents in the statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to insignificant risk of change in value and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledged deposits.

### 2.14 Share capital

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

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.15 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the asset is substantially completed for its intended use or sale. All other borrowing costs are recognised in the profit or loss using the effective interest method.

### 2.16 Financial liabilities

Financial liabilities are recognised on the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for the financial guarantees) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences. A financial liability is derecognised when the obligation under the liability is extinguished.

### 2.17 Financial guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantees are classified as financial liabilities.

Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the expected loss computed using the impairment methodology under SFRS(I) 9. Financial guarantees contracts are amortised in profit or loss over the period of the guarantee.

Prior to 1 January 2018, financial guarantees were subsequently measured at the higher of the initial fair value less cumulative amortisation and the expected amount payable to the holder.

### 2.18 Leases

When a group entity is the lessee:

*Operating leases*

Leases where a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.18 Leases (cont'd)

When a group entity is the lessor:

*Operating leases*

Leases where the Group retains substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

Contingent rents are recognised as revenue in the period in which they are earned.

### 2.19 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies and interests in joint arrangements, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

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

### 2.20 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

The Group recognises the estimated costs of dismantlement, removal or restoration items of property, plant and equipment arising from the acquisition or use of assets (Note 2.5). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.21 Employee benefits

*Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

Such state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

*Employee leave entitlement*

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

### 2.22 Foreign currencies

*Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

*Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

*Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;
(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
(iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 2 Summary of significant accounting policies (cont'd)

### 2.22 Foreign currencies (cont'd)

*Translation of Group entities' financial statements (cont'd)*

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### 2.23 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 other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

### 2.24 Dividends

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

### 2.25 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments. Alternatively, the grant may be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

## 3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key source of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Purchase price allocation*

As disclosed in Note 14 to the financial statements, the Group acquired 100% interest in All Best Realty Pte Ltd ("ABRPL") during the financial year. The Group recognised the identifiable assets and liabilities of the ABRPL at their fair values at the date of acquisition. The Group performed the purchase price allocation exercise internally, and the fair valuation of acquired assets and liabilities by reference to a valuation performed by a professional valuer. The measurement of such assets and liabilities at fair value is inherently judgemental and require significant amount of management estimation.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 3 Key sources of estimation uncertainty (cont'd)

*Impairment assessment of goodwill and intangible assets with indefinite useful life*

Management performs an annual impairment assessment of goodwill and intangible assets with indefinite life. Valuation model based on discounted cash flow analysis of the cash-generating unit ("CGU") is used by management to determine the value in use for the purposes of the impairment assessment.

Forecasting and discounting future cash flows for the impairment assessment involves an element of judgement and requires management to make certain assumptions and apply estimates. Details of the impairment assessment and the carrying values of the Group's goodwill and intangible assets at the end of the reporting period are disclosed in Note 13 to the financial statements. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

*Impairment of non-financial assets (other than goodwill and other indefinite-life intangible assets)*

At each reporting date, the Group and Company assess whether there are any indications of impairment for all non-financial assets. The Group and Company also assess whether there is any indication that an impairment loss recognised in prior periods for a non-financial asset, other than goodwill, may no longer exist or may have decreased.

If any such indication exists, the Group and Company estimate the recoverable amount of that asset. An impairment loss exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

Where value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate in order to determine the present value of the cash flows. The carrying values of the Group's and Company's property, plant and equipment are disclosed in Note 11. Details of the key assumptions applied in the Company's impairment assessment of its investments in subsidiaries and the carrying amounts of the investments are disclosed in Note 14. Changes in assumptions made and discount rate applied could affect the carrying values of these assets.

*Calculation of allowance for impairment for financial assets at amortised cost*

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables and loans is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables and loans. Details of ECL measurement and carrying values of trade receivables, other receivables and loans at reporting date are disclosed in Note 35.

*Fair value estimation of call and put options*

The fair values of call and put options are determined using the Black-Scholes option valuation model and are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The value of an option varies with different variables of certain subjective assumptions. Any change in variables so adopted may materially affect the estimation of the fair value of the options. Details of the valuation model are disclosed in Note 36.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 4 Revenue

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Sales and service charges - Food and beverage | **124,691** | 117,667 |
| Royalty income | **313** | 323 |
| | **125,004** | 117,990 |

### 5 Other income

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Rental income | **280** | 283 |
| Interest income: | | |
| – interest from deposits with banks | **569** | 526 |
| – interest on loans to a joint venture (Note 20) | **112** | 29 |
| Other income | **255** | 171 |
| Special Employment Credit and Wage Credit Scheme | **712** | 721 |
| Management fee income | **324** | 162 |
| Foreign exchange gain | **–** | 70 |
| | **2,252** | 1,962 |

### 6 Finance costs

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Deemed finance costs | **97** | 29 |
| Banker's acceptance interests | **7** | 6 |
| Finance lease charges | **16** | – |
| | **120** | 35 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 7 Profit before tax

Profit before tax is arrived at after charging/(crediting):

| | | Group | |
|---|---|---|---|
| | | 2018 | 2017 |
| | Note | $'000 | $'000 |
| Audit fees payable to: | | | |
| – auditor of the Company | | **166** | 158 |
| – other auditors* | | **31** | 30 |
| Fees for non-audit services payable to: | | | |
| – auditor of the Company | | **30** | 71 |
| Amortisation of intangible assets | 13 | **513** | 353 |
| Cost of inventories included in cost of sales | | **35,565** | 32,317 |
| Depreciation of property, plant and equipment | 11 | **4,312** | 3,810 |
| Depreciation of investment properties | 12 | **161** | 182 |
| Remuneration of the directors of the Company: | 8 | | |
| – salaries, fees and benefits-in-kind | | **1,498** | 1,435 |
| – contribution to defined contribution plans | | **43** | 43 |
| Remuneration of the directors of the subsidiaries: | | | |
| – salaries, fees and benefits-in-kind | | **558** | 277 |
| – contribution to defined contribution plans | | **42** | 23 |
| Remuneration of key management personnel (non-directors): | | | |
| – salaries and related costs | | **1,061** | 1,218 |
| – contribution to defined contribution plans | | **88** | 108 |
| Remuneration of staff: | | | |
| – salaries and related costs | | **38,620** | 34,272 |
| – contribution to defined contribution plans | | **3,085** | 2,692 |
| Loss/(gain) on disposal of property, plant and equipment, net | | **2** | (7) |
| Allowances for impairment on non-trade receivables | 20 | **3** | 3 |
| Impairment loss of property, plant and equipment | 11 | **160** | – |
| Rental expenses - operating leases** | | **20,762** | 19,978 |
| Write-offs: | | | |
| – property, plant and equipment | | **241** | 110 |
| – inventories | | **19** | 23 |
| Write-back of allowance for impairment on non-trade receivables | 20 | **–** | (3) |
| Net foreign exchange losses | | **198** | – |
| Bad debts written off | | **8** | – |
| Gain on disposal of other investment | | **(7)** | – |
| Reversal of impairment loss on other investment | | **(1)** | – |
| Write-back of allowance for impairment on trade receivables | 23 | **(3)** | – |

* Include independent member firms of the Baker Tilly International network.
** Included in rental expenses are contingent rents of $3,691,000 (2017: $3,858,000).

# Notes to the Financial Statements

## For the financial year ended 31 December 2018

### 8 Remuneration bands of directors of the Company

Number of directors of the Company in remuneration bands:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| $250,000 to below $500,000 | **3** | 3 |
| Below $250,000 | **4** | 4 |
| | **7** | 7 |

### 9 Income tax expense

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Tax expense attributable to profits is made up of: | | |
| Current income tax provision | **1,013** | 1,105 |
| Deferred tax (Note 27) | **(129)** | (11) |
| | **884** | 1,094 |
| (Over)/under provision in respect of previous financial years | | |
| – current income tax | **(150)** | (68) |
| – deferred tax (Note 27) | **31** | (75) |
| | **765** | 951 |

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax to profit before tax due to the following factors:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Profit before tax | **3,990** | 7,703 |
| Tax calculated at a tax rate of 17% | **678** | 1,309 |
| Effect of different tax rates in other countries | **27** | 50 |
| Statutory stepped income exemption | **(59)** | (76) |
| Income not subject to tax | **(406)** | (427) |
| Expenses not deductible for tax purposes | **740** | 656 |
| Effect of tax incentive and tax rebate | **(154)** | (519) |
| Over provision in preceding financial years | **(119)** | (143) |
| Deferred tax asset not recognised | **12** | 54 |
| Utilisation of unrecognised deductible temporary differences | **(3)** | (3) |
| Effect of results of equity-accounted investees presented net of tax | **48** | 72 |
| Others | **1** | (22) |
| | **765** | 951 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 9 Income tax expense (cont'd)

The statutory income tax rate applicable is 17% (2017: 17%) for companies incorporated in Singapore and 24% (2017: 24%) for companies incorporated in Malaysia.

Subject to the satisfaction of the conditions for group relief, tax losses of $979,000 (2017: $300,000) and capital allowances of $541,000 (2017: $680,000) arising in the current year are transferred within entities in the Group under the group relief system. These tax losses and capital allowances are transferred at no consideration.

At the end of the reporting period, the Group has potential tax benefits arising from unabsorbed tax losses of approximately $7,862,000 (2017: $12,887,000), and unabsorbed capital allowances of approximately $2,421,000 (2017: $2,312,000), that are available for carry-forward to offset against future taxable income of the companies in which the tax losses and capital allowances arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets on the following temporary differences have not been recognised in the financial statements at the end of the reporting period:

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Unabsorbed tax losses | **7,862** | 12,887 |
| Unabsorbed capital allowances | **2,386** | 2,301 |
| | **10,248** | 15,188 |

Deferred tax assets are not recognised because it is not probable that future taxable profits will be available against which those tax losses and capital allowances can be utilised.

## 10 Earnings per share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

| | 2018<br>$'000 | 2017<br>$'000 |
|---|---|---|
| Profit for the year attributable to owners of the Company | **2,666** | 6,228 |

| | 2018 | 2017 |
|---|---|---|
| Weighted average number of ordinary shares in issue for basic earnings per share ('000) | **200,996** | 200,996 |
| Basic earnings per share (cents) | **1.33** | 3.10 |
| Diluted earnings per share (cents) | **1.33** | 3.10 |

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

As at 31 December 2018 and 2017, diluted earnings per share is similar to basic earnings per share as there were no dilutive potential ordinary shares.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 11 Property, plant and equipment

| | Freehold land | Buildings and structural improvements | Leasehold property | Leasehold improvements | Furniture, fixtures and fittings | Plant and equipment | Motor vehicles | Restaurant supplies, crockery and cutlery | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | | | |
| **2018** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1.1.2018 | 366 | 12,420 | 2,300 | 17,183 | 7,168 | 17,675 | 2,458 | 859 | 60,429 |
| Additions | – | – | – | 801 | 371 | 1,071 | 150 | – | 2,393 |
| Disposals/write-off | – | – | – | (389) | (354) | (523) | – | (5) | (1,271) |
| Reclassification | – | – | – | – | – | 6 | (6) | – | – |
| Translation | – | – | – | – | – | * | – | – | – |
| **At 31.12.2018** | **366** | **12,420** | **2,300** | **17,595** | **7,185** | **18,229** | **2,602** | **854** | **61,551** |
| **Accumulated depreciation and impairment losses** | | | | | | | | | |
| At 1.1.2018 | – | 5,947 | 1,265 | 12,054 | 3,823 | 11,046 | 1,370 | – | 35,505 |
| Depreciation charge | – | 201 | 46 | 1,510 | 688 | 1,548 | 319 | – | 4,312 |
| Disposals/write-off | – | – | – | (293) | (249) | (479) | – | – | (1,021) |
| Impairment loss | – | – | – | – | 15 | 25 | – | 120 | 160 |
| Translation | – | – | – | (4) | (2) | (5) | – | – | (11) |
| **At 31.12.2018** | **–** | **6,148** | **1,311** | **13,267** | **4,275** | **12,135** | **1,689** | **120** | **38,945** |
| **Net carrying value** | | | | | | | | | |
| **At 31.12.2018** | **366** | **6,272** | **989** | **4,328** | **2,910** | **6,094** | **913** | **734** | **22,606** |

* Less than $1,000

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 11 Property, plant and equipment (cont'd)

| | Freehold land | Buildings and structural improvements | Leasehold property | Leasehold improvements | Furniture, fixtures and fittings | Plant and equipment | Motor vehicles | Restaurant supplies, crockery and cutlery | Total |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | | | | | |
| 2017 | | | | | | | | | |
| Cost | | | | | | | | | |
| At 1.1.2017 | 358 | 12,383 | 2,300 | 15,272 | 6,158 | 14,592 | 906 | 853 | 52,822 |
| Additions | – | – | – | 1,558 | 850 | 1,994 | 402 | 35 | 4,839 |
| Disposals/write-off | – | – | – | (309) | (287) | (663) | (17) | (29) | (1,305) |
| Acquisition of a subsidiary | – | – | – | 635 | 417 | 1,657 | 1,155 | – | 3,864 |
| Translation | 8 | 37 | – | 27 | 30 | 95 | 12 | – | 209 |
| At 31.12.2017 | 366 | 12,420 | 2,300 | 17,183 | 7,168 | 17,675 | 2,458 | 859 | 60,429 |
| Accumulated depreciation | | | | | | | | | |
| At 1.1.2017 | – | 5,730 | 1,219 | 10,420 | 3,171 | 9,556 | 613 | – | 30,709 |
| Depreciation charge | – | 201 | 46 | 1,489 | 634 | 1,270 | 170 | – | 3,810 |
| Disposals/write-off | – | – | – | (293) | (264) | (596) | (17) | – | (1,170) |
| Acquisition of a subsidiary | – | – | – | 423 | 268 | 751 | 595 | – | 2,037 |
| Translation | – | 16 | – | 15 | 14 | 65 | 9 | – | 119 |
| At 31.12.2017 | – | 5,947 | 1,265 | 12,054 | 3,823 | 11,046 | 1,370 | – | 35,505 |
| Net carrying value | | | | | | | | | |
| At 31.12.2017 | 366 | 6,473 | 1,035 | 5,129 | 3,345 | 6,629 | 1,088 | 859 | 24,924 |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 11 Property, plant and equipment (cont'd)

| | Leasehold property $'000 | Leasehold improve-ments $'000 | Furniture, fixtures and fittings $'000 | Plant and equipment $'000 | Motor vehicles $'000 | Restaurant supplies, crockery and cutlery $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2018** | | | | | | | |
| **Cost** | | | | | | | |
| At 1.1.2018 | 2,300 | 8,934 | 4,193 | 9,334 | 254 | 736 | 25,751 |
| Additions | – | 189 | 17 | 555 | – | – | 761 |
| Disposals/write-off | – | (85) | (70) | (465) | – | (8) | (628) |
| **At 31.12.2018** | **2,300** | **9,038** | **4,140** | **9,424** | **254** | **728** | **25,884** |
| **Accumulated depreciation and impairment losses** | | | | | | | |
| At 1.1.2018 | 1,265 | 6,087 | 2,537 | 6,454 | 205 | – | 16,548 |
| Depreciation charge | 46 | 766 | 295 | 695 | 14 | – | 1,816 |
| Disposals/write-off | – | (82) | (65) | (436) | – | – | (583) |
| Impairment loss | – | – | 15 | 25 | – | 57 | 97 |
| **At 31.12.2018** | **1,311** | **6,771** | **2,782** | **6,738** | **219** | **57** | **17,878** |
| **Net carrying value** | | | | | | | |
| **At 31.12.2018** | **989** | **2,267** | **1,358** | **2,686** | **35** | **671** | **8,006** |
| 2017 | | | | | | | |
| Cost | | | | | | | |
| At 1.1.2017 | 2,300 | 8,870 | 4,229 | 9,251 | 254 | 753 | 25,657 |
| Additions | – | 310 | 146 | 516 | – | 12 | 984 |
| Disposals/write-off | – | (246) | (182) | (433) | – | (29) | (890) |
| At 31.12.2017 | 2,300 | 8,934 | 4,193 | 9,334 | 254 | 736 | 25,751 |
| Accumulated depreciation | | | | | | | |
| At 1.1.2017 | 1,219 | 5,492 | 2,405 | 6,174 | 191 | – | 15,481 |
| Depreciation charge | 46 | 842 | 306 | 671 | 14 | – | 1,879 |
| Disposals/write-off | – | (247) | (174) | (391) | – | – | (812) |
| At 31.12.2017 | 1,265 | 6,087 | 2,537 | 6,454 | 205 | – | 16,548 |
| Net carrying value | | | | | | | |
| At 31.12.2017 | 1,035 | 2,847 | 1,656 | 2,880 | 49 | 736 | 9,203 |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 11 Property, plant and equipment (cont'd)

At the end of the reporting period, the following property, plant and equipment with net carrying value set out below were pledged to certain financial institutions for banking facilities.

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Freehold land | **366** | 366 | **–** | – |
| Buildings and structural improvements | **6,272** | 6,473 | **–** | – |
| Leasehold property | **989** | 1,035 | **989** | 1,035 |
| Leasehold improvements | **63** | 76 | **–** | – |
| | **7,690** | 7,950 | **989** | 1,035 |

Reconciliation of property, plant and equipment additions to cash flows arising from investing activities:

| | Group | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Aggregate cost of property, plant and equipment acquired | **2,393** | 4,839 |
| Less: Restoration costs capitalised | **(80)** | (312) |
| Less: Purchase unpaid | **(113)** | – |
| Cash payments to acquire property, plant and equipment | **2,200** | 4,527 |

## 12 Investment properties

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Cost** | | | | |
| At beginning and end of financial year | **5,597** | 5,597 | **1,863** | 1,863 |
| **Accumulated depreciation** | | | | |
| At beginning of financial year | **2,429** | 2,247 | **862** | 825 |
| Depreciation charge for the financial year (Note 7) | **161** | 182 | **37** | 37 |
| At end of financial year | **2,590** | 2,429 | **899** | 862 |
| **Net carrying value** | | | | |
| At end of financial year | **3,007** | 3,168 | **964** | 1,001 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 12 Investment properties (cont'd)

At the end of the reporting period, the following investment properties with net carrying value set out below were pledged to certain financial institutions for banking facilities.

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Investment properties | **964** | 1,001 | **964** | 1,001 |
| *Consolidated statement of profit or loss and other comprehensive income* | | | | |
| Rental income from investment properties | **280** | 283 | **62** | 67 |
| Direct operating expenses arising from investment properties that generated rental income (including depreciation charge) | **(207)** | (212) | **(54)** | (55) |

Based on valuations carried out by external professional valuers, the fair values of the investment properties of the Group and Company on 31 December 2018 are $9,657,000 (2017: $11,734,000) and $3,600,000 (2017: $4,150,000) respectively (Note 36(e)).

Details of investment properties are as follows:

| **Description** | **Location** | **Floor area (Sqm)** | **Tenure of Lease (Use)** |
|---|---|---|---|
| **Singapore** | | | |
| A shop unit located on the first storey of a shopping-cum-residential development known as City Plaza | 810 Geylang Road #01-103 City Plaza Singapore 409286 | 25 | Freehold (Rental) |
| A shop unit located on the second storey of Far East Plaza | 14 Scotts Road #02-22 Far East Plaza Singapore 228213 | 39 | Freehold (Rental) |
| A HDB shop unit with living quarters located within Block 5 Changi Village Road | Block 5 Changi Village Road #01-2001 Singapore 500005 | 358 | 85 years from 1 July 1994 (Rental) |
| **Indonesia** | | | |
| An apartment unit in Ascott Towers Indonesia | Unit 06-23 Jalan Kebon Kacang Raya No.2 Jakarta 10230 | 159 | 20 years and is renewable for a further term of 20 years (Rental) |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 13 Intangible assets

| | Goodwill | Trade-marks | Customer relationships | Others | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Group** | | | | | |
| **2018** | | | | | |
| **Cost** | | | | | |
| At 1.1.2018 and 31.12.2018 | **8,303** | **5,381** | **2,797** | **2,607** | **19,088** |
| **Accumulated amortisation** | | | | | |
| At 1.1.2018 | – | – | 140 | 2,070 | 2,210 |
| Amortisation charge | – | – | 280 | 233 | 513 |
| **At 31.12.2018** | **–** | **–** | **420** | **2,303** | **2,723** |
| **Net carrying value** | | | | | |
| **At 31.12.2018** | **8,303** | **5,381** | **2,377** | **304** | **16,365** |
| 2017 | | | | | |
| Cost | | | | | |
| At 1.1.2017 | – | – | – | 2,135 | 2,135 |
| Acquisition of a subsidiary | 8,303 | 5,381 | 2,797 | 477 | 16,958 |
| Translation difference | – | – | – | (5) | (5) |
| At 31.12.2017 | 8,303 | 5,381 | 2,797 | 2,607 | 19,088 |
| Accumulated amortisation | | | | | |
| At 1.1.2017 | – | – | – | 1,857 | 1,857 |
| Amortisation charge | – | – | 140 | 213 | 353 |
| At 31.12.2017 | – | – | 140 | 2,070 | 2,210 |
| Net carrying value | | | | | |
| At 31.12.2017 | 8,303 | 5,381 | 2,657 | 537 | 16,878 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 13 Intangible assets (cont'd)

| | Franchise rights/licence | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Company** | | |
| **At cost** | | |
| At beginning and end of financial year | **406** | 406 |
| **Accumulated amortisation** | | |
| At beginning of financial year | **406** | 333 |
| Amortisation charge | **–** | 73 |
| At end of financial year | **406** | 406 |
| **Net carrying value** | **–** | – |

*Composition of intangible assets*

(i) Goodwill arising on the acquisition of Chilli Padi Holding Pte Ltd and subsidiaries ("Chilli Padi group").

(ii) Trademarks represent brand names "Chilli Api" and "Chilli Padi" which are registered under the Chilli Padi group entities.

(iii) Customer relationships refer to the economic benefits that are expected to be derived from non-contractual existing and recurring relationships between Chilli Padi group entity and its existing customers. These are acquired as part of the acquisition of Chilli Padi group and past transactions provide evidence that the Group is able to benefit from the future recurring revenue from such relationships.

(iv) "Others" comprise customer contracts and favourable lease agreements with respect to Chilli Padi group, knowhow and trade name of "Tip Top" curry puff, licence costs of operating a "Hello Kitty" café and exclusive franchise rights of "Swensen's" and "Yogen Fruz".

The franchise rights for the People's Republic of China is for a period of 20 years from 13 August 2001 to 12 August 2021. The Group's franchise rights of "Yogen Fruz" in Singapore is for a period of 20 years from 28 September 2004 to 27 September 2024. The Group's licence costs of operating a "Hello Kitty" café is for a period of 3 years from 4 January 2016 to 8 March 2019.

The Group's franchise rights of "Swensen's" in Singapore, Malaysia and Brunei were for a period of 20 years from 27 November 1998 to 26 November 2018. The Group and the franchisor are in the process of renewing the franchise rights for a further 20 years term.

*Amortisation*

The amortisation of intangible assets is included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

*Impairment assessment for goodwill and indefinite-life intangible assets*

For the purposes of impairment assessment, the Group's goodwill and trademarks acquired in a business combination have been allocated to the cash-generating unit (CGU) identified as the Chilli Padi group.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 13 Intangible assets (cont'd)

*Impairment assessment for goodwill and indefinite-life intangible assets (cont'd)*

The recoverable amount of this CGU is based on its value in use, determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU. The key assumptions used in the estimation of value in use were as follows:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **%** | **%** |
| Forecast revenue growth (average over next five years) | **3** | 8 |
| Terminal value growth rate | **–** | – |
| Discount rate | **12** | 12 |

The Group's value in use calculations used cash flow forecasts covering a five years period. Forecast revenue for the next five years was projected taking into account the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and which is adjusted for the risks specific to the CGU.

At 31 December 2018, the estimated recoverable amount of the CGU is higher than its carrying amount. Management has assessed that the change in the estimated recoverable amount arising from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of the CGU.

## 14 Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| **Unquoted equity shares, at cost** | | |
| At beginning of financial year | **38,489** | 22,940 |
| Acquisition during the financial year | **8,944** | 16,005 |
| Investment written off against allowance | **–** | (456) |
| | **47,433** | 38,489 |
| Less: Allowance for impairment in value | **(8,045)** | (7,245) |
| At end of financial year | **39,388** | 31,244 |
| **Non-current receivables** | | |
| Loan to a subsidiary as at beginning of financial year | **7,900** | – |
| Advance during the financial year | **700** | 7,900 |
| At end of financial year | **8,600** | 7,900 |
| Total | **47,988** | 39,144 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 14 Investments in subsidiaries (cont'd)

Movements in allowance for impairment in value during the financial year are as follows:

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| At beginning of financial year | **7,245** | 10,684 |
| Allowance made | **800** | 317 |
| Reversal of impairment loss | **–** | (3,300) |
| Impairment written off against allowance | **–** | (456) |
| At end of financial year | **8,045** | 7,245 |

(i) Details of the Company's subsidiaries at 31 December 2018 are as follows:

| | Name of subsidiary | Principal activities | Country of incorporation | Group's equity holding 2018 % | Group's equity holding 2017 % |
|---|---|---|---|---|---|
| | **Held by the Company** | | | | |
| (a) | Lawry's (Singapore) Ltd | Investment holding and provision of processing, supply, warehousing and distribution activities | Singapore | **100** | 100 |
| (b) | ABR (HK) Limited | Manage, obtain and exploit industrial and intellectual rights with respect to the ice cream, fast food and restaurant business | Hong Kong | **99.99** | 99.99 |
| (d) | Swensen's of Singapore (1996) Pte Ltd | Dormant | Singapore | **100** | 100 |
| (a) | Food Creations Pte Ltd | Provision of services for the manufacture and production of ice cream and related products | Singapore | **100** | 100 |
| (a) | Europa Lounge and Restaurant Pte Ltd | Investment holding | Singapore | **100** | 100 |
| (d) | Hippopotamus Restaurants Pte Ltd | Dormant | Singapore | **100** | 100 |
| (d) | Orchard 501 Café Pub Pte Ltd | Dormant | Singapore | **100** | 100 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2018 are as follows: (cont'd)

| | Name of subsidiary | Principal activities | Country of incorporation | Group's equity holding 2018 % | Group's equity holding 2017 % |
|---|---|---|---|---|---|
| | **Held by the Company (cont'd)** | | | | |
| (d) | Europa Entertainment Pte Ltd | Dormant | Singapore | **100** | 100 |
| (d) | Pleasuredome Pte Ltd | Dormant | Singapore | **100** | 100 |
| (d) | Europa Ridley's (1992) Pte Ltd | Dormant | Singapore | **100** | 100 |
| (d) | Cine Art Pictures Pte Ltd | Dormant | Singapore | **55** | 55 |
| (b) | Team-Up Investments (HK) Limited | Dormant | Hong Kong | **100** | 100 |
| (d) | Bistro Europa Pte Ltd | Dormant | Singapore | **100** | 100 |
| (a) | Europa Specialty Restaurants (S) Pte Ltd | Operation of café | Singapore | **100** | 100 |
| (a) | ABR Property Investments Pte Ltd | Investment holding | Singapore | **100** | 100 |
| (d) | Team-Up Overseas Investment Pte Ltd | Dormant | Singapore | **70** | 70 |
| (d) | Oishi Japanese Pizza Pte Ltd | Dormant | Singapore | **84.1** | 84.1 |
| (d) | E.Y.F. (S) Pte Ltd | Dormant | Singapore | **100** | 100 |
| (a) | Kitchen Alchemy Pte Ltd | Investment holding | Singapore | **51** | 51 |
| (a) | All Best Foods Pte Ltd | Manufacturing, retailing of food products and operator of café and snack bars | Singapore | **100** | 100 |
| (a) | ABR Land (S) Pte Ltd | Investment holding | Singapore | **100** | 100 |
| (c) | ABR Land Australia Pty Ltd | Dormant | Australia | **100** | 100 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2018 are as follows: (cont'd)

| | Name of subsidiary | Principal activities | Country of incorporation | Group's equity holding 2018 % | 2017 % |
|---|---|---|---|---|---|
| | **Held by the Company (cont'd)** | | | | |
| (a) | Chilli Padi Holding Pte Ltd | Investment holding | Singapore | **80** | 80 |
| (b) | Permai Puncakmas Sdn. Bhd. | Investment holding | Malaysia | **100** | 100 |
| (c) | All Best Realty Pte Ltd | Investment holding | Singapore | **100** | – |
| | **Held by the subsidiaries** | | | | |
| | ***Held by ABR (HK) Limited*** | | | | |
| (c) | E.D. Swensen's B.V. | Manage, obtain and exploit industrial and intellectual rights with respect to the ice cream business | The Netherlands | **100** | 100 |
| | ***Held by Europa Entertainment Pte Ltd*** | | | | |
| (c) | Europa (Beijing) Food & Beverage Management Co., Ltd | Dormant | People's Republic of China | **100** | 100 |
| | ***Held by Team-Up Investments (HK) Limited*** | | | | |
| (c) | Win Win Food (Shenzhen) Co., Ltd | Dormant | People's Republic of China | **100** | 100 |
| | ***Held by Lawry's (Singapore) Ltd*** | | | | |
| (d) | Lawry's PRC Investment Pte Ltd | Dormant | Singapore | **100** | 100 |
| (b) | Season Confectionary & Bakery Sdn. Bhd. | Manufacturing and retailing of bread, cakes and confectionery | Malaysia | **80** | 80 |
| (b) | Season's Café Sdn. Bhd. | Operation of a chain of cafeteria | Malaysia | **80** | 80 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2018 are as follows: (cont'd)

| | Name of subsidiary | Principal activities | Country of incorporation | Group's equity holding 2018 % | Group's equity holding 2017 % |
|---|---|---|---|---|---|
| | **Held by the subsidiaries (cont'd)** | | | | |
| | ***Held by Season Confectionary & Bakery Sdn. Bhd.*** | | | | |
| (b) | Season Confectionary & Bakery (KL) Sdn. Bhd. | Dormant | Malaysia | **51** | 51 |
| (b) | Swensen's (Malaysia) Sdn. Bhd. | Ice cream manufacturing and franchising and operator of restaurants | Malaysia | **100** | 100 |
| (a) | SSCB Pte Ltd | Commission agents | Singapore | **100** | 100 |
| | ***Held by E.Y.F. (S) Pte Ltd*** | | | | |
| (c) | EY. Food (SH) Pte Ltd | Dormant | People's Republic of China | **100** | 100 |
| (c) | EY. Food (BJ) Pte Ltd | Dormant | People's Republic of China | **100** | 100 |
| | ***Held by Kitchen Alchemy Pte Ltd*** | | | | |
| (d) | TT Hara Food Pte Ltd | Dormant | Singapore | **25** | 25 |
| | ***Held by All Best Foods Pte Ltd*** | | | | |
| (d) | TT Hara Food Pte Ltd | Dormant | Singapore | **75** | 75 |
| | ***Held by Chilli Padi Holding Pte Ltd*** | | | | |
| (a) | Chilli Api Catering Pte Ltd | Catering service and foodstuff manufacturing | Singapore | **100** | 100 |
| (a) | Chilli Padi Nonya Restaurant Pte Ltd | Operation of food and beverage outlets | Singapore | **100** | 100 |
| (a) | Chilli Padi Nonya Catering Pte Ltd | Operation of food and beverage outlets | Singapore | **100** | 100 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 14 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2018 are as follows: (cont'd)

| Name of subsidiary | Principal activities | Country of incorporation | Group's equity holding 2018 % | Group's equity holding 2017 % |
|---|---|---|---|---|
| **Held by the subsidiaries (cont'd)** | | | | |
| ***Held by Europa Lounge and Restaurant Pte Ltd*** | | | | |
| (c) PT ABR Bintan Investments | Investment holding | Indonesia | **1** | – |
| ***Held by ABR Property Investments Pte Ltd*** | | | | |
| (c) PT ABR Bintan Investments | Investment holding | Indonesia | **99** | – |

(a) Audited by Baker Tilly TFW LLP.
(b) Audited by overseas independent member firms of Baker Tilly International.
(c) Not required to be audited in the country of incorporation.
(d) Exempted from audit in 2018 as company is dormant during the financial year.

(ii) Non-current loans to a subsidiary

During the financial year, the Company advanced non-current interest-free equity loan totalling $700,000 (2017: $7,900,000) to a subsidiary to finance the subsidiary's investment in an associated company. The loans are repayable upon occurrence of certain events as stipulated in the loan agreements. The Company has assessed that the settlement of the loans are neither planned nor likely to occur in the foreseeable future as the loans are intended to be a long-term source of additional capital for the subsidiary. As a result, management considers the loan to be in substance part of the Company's net investment in the subsidiary.

(iii) Acquisition of a subsidiary

On 22 November 2018 (the "acquisition date"), the Company acquired 100% equity interest in All Best Realty Pte Ltd ("ABRPL") as part of the Group's expansion plan into property development business.

*The fair values of the identifiable assets and liabilities of ABRPL acquired as at the acquisition date were:*

| | Fair value recognised on acquisition $'000 |
|---|---|
| Investment in associated company | 9,010 |
| Payable | (66) |
| Net identifiable assets acquired at fair value | 8,944 |
| Purchase consideration settled in cash | 8,944 |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 14 Investments in subsidiaries (cont'd)

(iv) Impairment assessment

During the financial year, management performed impairment review for the Company's investments in certain subsidiaries as these subsidiaries recorded losses in current and previous financial years. An impairment loss of $800,000 (2017: $317,000) was recognised for the year ended 31 December 2018 to write down these subsidiaries to their recoverable amount of $4,443,600 (2017: $6,158,000). The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections from forecast approved by management covering a five-year period. The discount rate applied to the cash flow projection was 10% (2017: 10%). Had the discount rate applied been 1% higher or lower than management's estimation, the impairment charge will increase or decrease by $425,000 and $733,000 respectively.

In the previous financial year ended 31 December 2017, a reversal of impairment loss of $3,300,000 was recognised to write back the carrying value of an investment in a subsidiary to its recoverable amount of $8,856,000 based on the investment's fair value less costs of disposal. Management made reference to the fair value adjusted net assets of the subsidiary at the end of the reporting period for the impairment assessment. The fair value is determined using the market approach and this is categorised as a Level 3 fair value in the hierarchy.

(v) Summarised financial information of subsidiary with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

| **Name of subsidiary** | **Principal place of business/ Country of incorporation** | **Ownership held by NCI** |
|---|---|---|
| Chilli Padi Holding Pte Ltd ("Chilli Padi group") | Singapore | 20% |

The following are the summarised financial information of the Group's subsidiary with NCI that is considered by management to be material to the Group. The financial information includes consolidation adjustments but before inter-company eliminations.

| | **Chilli Padi group** | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| *Summarised Statement of Financial Position* | | |
| Non-current assets | **9,739** | 10,384 |
| Current assets | **8,590** | 6,078 |
| Non-current liabilities | **(1,573)** | (1,701) |
| Current liabilities | **(2,647)** | (3,242) |
| **Net assets** | **14,109** | 11,519 |
| **Net assets attributable to NCI** | **2,822** | 2,304 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 14 Investments in subsidiaries (cont'd)

(v) Summarised financial information of subsidiary with material non-controlling interests ("NCI") (cont'd)

| | **Chilli Padi group** | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| *Summarised Income Statement* | | |
| Revenue | **22,702** | 11,368 |
| Profit before tax | **3,043** | 2,222 |
| Income tax expense | **(453)** | (330) |
| **Profit after tax and total comprehensive income** | **2,590** | 1,892 |
| **Profit allocated to NCI** | **518** | 378 |
| *Summarised Cash Flows* | | |
| Cash flows from operating activities | **3,878** | 1,669 |
| Cash flows from investing activities | **(567)** | (493) |
| Cash flows from financing activities | **(970)** | – |
| Net increase in cash and cash equivalents | **2,341** | 1,176 |

## 15 Interests in equity-accounted investees

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Interests in associated companies | **17,285** | 7,773 | **–** | – |
| Interests in joint venture | **262** | 2 | **–** | – |
| | **17,547** | 7,775 | **–** | – |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 15 Interests in equity-accounted investees (cont'd)

### (a) Interests in associated companies

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning of financial year | **462** | 217 | **97** | 97 |
| Acquisition during the financial year | **–** | 365 | **–** | – |
| Addition through acquisition of a subsidiary (Note 14(iii)) | **9,010** | – | **–** | – |
| Less: Allowance for impairment loss | **–** | – | **(97)** | (97) |
| Less: Investment written off during the financial year | **–** | (120) | **–** | – |
| At end of financial year | **9,472** | 462 | **–** | – |
| Group's share of post-acquisition reserves | **(521)** | (396) | **–** | – |
| | **8,951** | 66 | **–** | – |
| *Non-current receivable* | | | | |
| Loan to an associate as at beginning of financial year | **7,707** | – | **–** | – |
| Advances during the financial year | **627** | 7,707 | **–** | – |
| At end of financial year | **8,334** | 7,707 | **–** | – |
| Total | **17,285** | 7,773 | **–** | – |

During the financial year, the Group has advanced non-current interest-free equity loan totalling $627,000 (2017: $7,707,000) through a subsidiary to finance an associated company. The loans are repayable upon occurrence of certain events as stipulated in the loan agreements. The Group has assessed that the settlement of the loans is neither planned nor likely to occur in the foreseeable future as the loans are intended to be a long-term source of additional capital for the associated company. As a result, management considers the loans to be in substance part of the Group's net investment in the associated company.

Movements in allowance for impairment in value during the year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning and end of financial year | **–** | – | **97** | 97 |

# Notes to the Financial Statements

## For the financial year ended 31 December 2018

### 15 Interests in equity-accounted investees (cont'd)

#### (a) Interests in associated companies (cont'd)

The following information relates to associated companies:

| Name of associated company | Principal activities | Country of incorporation | Group's equity holding 2018 % | Group's equity holding 2017 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Swensen's Ice Cream Company (Australia) Pty Ltd | Dormant | Australia | **50** | 50 |
| Chinoiserie Wine Bar and Discotheque Pte Ltd | Dormant | Singapore | **30** | 30 |
| ***Held by ABR Realty Pte Ltd*** | | | | |
| Goodwill Influx Sdn. Bhd. ("Goodwill Influx") | Investment holding | Malaysia | **20** | – |
| ***Held by Permai Puncakmas Sdn. Bhd.*** | | | | |
| Sering Manis Sdn. Bhd. ("Sering Manis") | Property developer | Malaysia | **19**[(1)] | 19[(1)] |

The associated companies are measured using the equity method of accounting.

[(1)] Management has considered the Group's representation in the board of Sering Manis and terms in the shareholders agreement, and has determined that it has significant influence on Sering Manis even though the Group's shareholding is 19%. The investment is part of the Group's corporate strategy to expand into selective property development business.

The Group's investments in associated companies are summarised below:

| | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|
| *Carrying amount:* | | |
| Goodwill Influx | **9,008** | – |
| Sering Manis | **(57)** | 66 |
| Other associated companies | **–** | – |
| | **8,951** | 66 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 15 Interests in equity-accounted investees (cont'd)

#### (a) Interests in associated companies (cont'd)

Summarised financial information for the material associates based on its FRS financial statements (not adjusted for the Group's share of these amounts) and a reconciliation to the carrying amount of the investment in the consolidated financial statements are as follows:

| | Sering Manis | | Goodwill Influx | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Revenue | – | – | * | – |
| Loss after tax | (654) | (1,589) | (11) | – |
| Other comprehensive income | 9 | 20 | – | – |
| Total comprehensive loss | (645) | (1,569) | (11) | – |
| Non-current assets | 67,330 | 64,343 | 93,988 | – |
| Current assets | 6,419 | 7,396 | 6 | – |
| Non-current liabilities | (74,332) | (71,693) | – | – |
| Current liabilities | (227) | (210) | (48,954) | – |
| Net (liabilities)/assets | (810) | (164) | 45,040 | – |
| Group's share of net (liabilities)/assets based on proportion of ownership interest, including goodwill | (57) | 66 | 9,008 | – |

* Less than $1,000

Management does not consider the aggregate share of results of the other associated companies to be material to the Group and accordingly, aggregate information of individually immaterial associated companies are not presented.

#### (b) Interests in joint venture

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Unquoted equity shares at cost** | | | | |
| At beginning of financial year | * | – | – | – |
| Additional investment during the financial year | 331 | * | – | – |
| | 331 | * | – | – |
| Group's share of post-acquisition reserves | (69) | 2 | – | – |
| | 262 | 2 | – | – |

* Less than $1,000

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 15 Interests in equity-accounted investees (cont'd)

### (b) Interests in joint venture (cont'd)

The following information relates to the joint venture:

| Name of joint venture company | Principal activities | Country of incorporation | Group's equity holding 2018 | 2017 |
|---|---|---|---|---|
| | | | % | % |
| ***Held by ABR Property Investments Pte Ltd*** | | | | |
| ABR CCH Land Sdn. Bhd. | Property developer | Malaysia | **49** | 49 |

The joint venture company is measured using the equity method of accounting. The activities of the joint venture provide the Group access into the property investment and development business.

Management does not consider the joint venture to be individually and in aggregate material to the Group. Accordingly, summarised financial information of the joint venture is not disclosed.

## 16 Held-to-maturity financial assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Unquoted non-equity investments, at cost | **–** | 1 | **–** | 1 |
| Less: Allowance for impairment in value | **–** | (1) | **–** | (1) |
| | **–** | – | **–** | – |

Movement in allowance for impairment in value during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning of financial year | **1** | 1 | **1** | 1 |
| Reversal of impairment loss | **(1)** | – | **(1)** | – |
| At end of financial year | **–** | 1 | **–** | 1 |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 17 Available-for-sale financial assets

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Unquoted equity investments, at cost | – | 35 | – | 35 |

The investments were carried at cost as the fair value of these unquoted equity investments could not be measured reliably.

### 18 Financial asset at fair value through other comprehensive income ("FVOCI")

| | Group and Company | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| *Equity investments designated at FVOCI* | | |
| Unquoted equity investment | **35** | – |

Unquoted equity investment represents interest in a company in Singapore, which is engaged in pharmaceutical research and development company. This investment is not held for trading. Accordingly, management has elected to designate this investment at fair value through other comprehensive income. It is the Group's strategy to hold this investment for long-term purposes.

The fair value of the unquoted equity investment is determined by reference to recent internal and external changes in the business and market environment that the investee operates in. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

### 19 Due from subsidiaries

#### (i) Loans to subsidiaries, non-current

| | Company | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| Loans to subsidiaries | **15,900** | 16,126 |
| Less: Allowance for impairment | **(5,667)** | (5,667) |
| | **10,233** | 10,459 |

Movements in allowance for impairment during the financial year are as follows:

| | Company | |
|---|---|---|
| | 2018 | 2017 |
| | $'000 | $'000 |
| At beginning and end of financial year | **5,667** | 5,667 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 19 Due from subsidiaries (cont'd)

### (i) Loans to subsidiaries, non-current (cont'd)

The non-current loans to subsidiaries are interest-free and unsecured, except for an advance to a subsidiary of $110,000 (2017: $110,000) with an interest of 5% (2017: 5%) per annum. The advance is not expected to be repaid within the next twelve months.

The non-current loans to subsidiaries of $10,233,000 (2017: $10,459,000) have no fixed repayment terms and they are not expected to be repaid within the next twelve months. The loans are carried at cost as the timing of the future cash flows cannot be estimated reliably and as such, it is not practicable to determine the fair values of the loans with sufficient reliability.

### (ii) Due from subsidiaries, current

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Trade | **4,097** | 4,097 |
| Less: Allowance for impairment | **(4,066)** | (4,066) |
| Note 23 | **31** | 31 |
| Non-trade | **4,882** | 4,596 |
| Less: Allowance for impairment | **(4,320)** | (4,320) |
| Note 23 | **562** | 276 |
| | **593** | 307 |

Movements in allowance for impairment during the financial year are as follows:

| | Company | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Trade | | |
| At beginning and end of financial year | **4,066** | 4,066 |
| Non-trade | | |
| At beginning of financial year | **4,320** | 3,166 |
| Allowance made | **–** | 1,154 |
| At end of financial year | **4,320** | 4,320 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 20 Due from equity-accounted investees

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| **Non-current** | | | | |
| Loans to a joint venture | **4,245** | 1,450 | **–** | – |
| **Current** | | | | |
| Due from associated companies (non-trade) | **214** | 231 | **205** | 202 |
| Less: Allowance for impairment | **(205)** | (202) | **(205)** | (202) |
| Note 23 | **9** | 29 | **–** | – |

The non-current loans receivable from a joint venture (excluding a loan amount of $567,000 (2017: nil)) bears interest at 6.72% (2017: 6.72%) per annum, unsecured and not expected to be repayable within the next twelve months.

Interest income on the loans receivable from a joint venture totalled $112,462 (2017: $29,099) during the financial year. This related party transaction is based on terms agreed between the parties concerned.

Movements in allowance for impairment during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning of financial year | **202** | 212 | **202** | 199 |
| Allowance made (Note 7) | **3** | 3 | **3** | 3 |
| Receivables written off against allowances | **–** | (10) | **–** | – |
| Write-back of allowance made (Note 7) | **–** | (3) | **–** | – |
| At end of financial year | **205** | 202 | **205** | 202 |

The current amounts due from associated companies are non-trade in nature, unsecured, interest-free and repayable on demand.

## 21 Other asset

Other asset comprises a call option over the remaining 20% interest in Chilli Padi group. The call option is recognised at its fair value.

In accordance with the sale and purchase agreement for the acquisition of the Chilli Padi group, the non-controlling shareholder of the Chilli Padi group granted to the Company a call option and the Company granted the non-controlling shareholder a put option, in respect of the balance ordinary shares held by the non-controlling shareholder representing 20% interest in the Chilli Padi group.

The call option may be exercised from 13 July 2019 while the put option may be exercised from 13 July 2021. Further, if mutually agreed, both options may be early exercised before July 2019.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 22 Inventories

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Ice cream and ingredients | **930** | 1,009 | **906** | 982 |
| Confectionery and ingredients | **683** | 600 | **–** | – |
| Food and beverages | **806** | 715 | **498** | 452 |
| Packaging materials, consumables and merchandise | **360** | 403 | **184** | 173 |
| | **2,779** | 2,727 | **1,588** | 1,607 |

## 23 Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade receivables | **2,994** | 3,677 | **1,089** | 1,644 |
| Less: Allowance for impairment | **(22)** | (25) | **–** | – |
| Due from subsidiaries (Note 19(ii)) | **–** | – | **31** | 31 |
| | **2,972** | 3,652 | **1,120** | 1,675 |
| Rental and sundry deposits | **5,245** | 8,908 | **3,999** | 3,828 |
| Prepayments | **986** | 1,283 | **387** | 714 |
| Sundry receivables | **1,990** | 2,135 | **1,881** | 1,832 |
| Tax recoverable | **308** | 297 | **–** | – |
| | **8,529** | 12,623 | **6,267** | 6,374 |
| Less: Allowance for impairment | **(1,768)** | (1,773) | **(1,768)** | (1,768) |
| | **6,761** | 10,850 | **4,499** | 4,606 |
| Due from subsidiaries (Note 19(ii)) | **–** | – | **562** | 276 |
| Due from associated companies (Note 20) | **9** | 29 | **–** | – |
| | **6,770** | 10,879 | **5,061** | 4,882 |
| Total | **9,742** | 14,531 | **6,181** | 6,557 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 23 Trade and other receivables (cont'd)

(i) Movements in allowance for impairment for trade receivables during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At beginning of financial year | **25** | – | **–** | – |
| Acquisition of a subsidiary | **–** | 25 | **–** | – |
| Write-back of allowance made (Note 7) | **(3)** | – | **–** | – |
| At end of financial year | **22** | 25 | **–** | – |

(ii) Movements in allowance for impairment for sundry receivables during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At beginning of financial year | **1,773** | 1,773 | **1,768** | 1,768 |
| Receivables written off against allowances | **(5)** | – | **–** | – |
| At end of financial year | **1,768** | 1,773 | **1,768** | 1,768 |

Sundry receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

*Rental and sundry deposits*

On 19 December 2017, a subsidiary of the Group entered into a conditional sale and purchase agreement with Resort Venture Pte Ltd for the acquisition of 50% of the entire issued and paid-up share capital of PT Bintan Lagoon Resort for an aggregate consideration of $65,000,000. A deposit of $4,050,000 paid in the previous financial year was refunded in 2018 following the cessation of the proposed acquisition.

## 24 Fixed deposits and cash and bank balances

The fixed deposits of the Group and Company are placed with banks and mature on varying dates within 12 months (2017: 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 0.7% to 3.7% (2017: 0.5% to 3.7%) per annum.

Included in the Group's fixed deposits and cash and bank balances are amounts of $127,000 (2017: $124,000), pledged to banks for banking facilities granted to the Group.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 25 Share capital

**Share capital, issued and fully paid ordinary shares**

| | Group and Company | | | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **Number of shares** | | **$'000** | **$'000** |
| At beginning and end of financial year | **200,995,734** | 200,995,734 | **43,299** | 43,299 |

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

## 26 Other reserves

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| Foreign currency translation reserve | **(464)** | (715) |
| Capital reserve | **826** | 404 |
| Option reserve | **(1,900)** | (1,900) |
| | **(1,538)** | (2,211) |

Movements in other reserves are as follows:

| | Group | |
|---|---|---|
| | **2018** | **2017** |
| | **$'000** | **$'000** |
| *Foreign currency translation reserve* | | |
| At beginning of financial year | **(715)** | (358) |
| Net exchange differences on translation of financial statements of foreign subsidiaries | **266** | (639) |
| Translation (loss)/gain of loan that forms part of net investment in foreign subsidiary | **(15)** | 282 |
| At end of financial year | **(464)** | (715) |
| *Capital reserve* | | |
| At beginning of financial year | **404** | 276 |
| Capitalisation of accumulated profits | **422** | 128 |
| At end of financial year | **826** | 404 |
| *Option reserve* | | |
| At beginning of financial year | **(1,900)** | – |
| Recognition of option on acquisition of subsidiary | **–** | (1,900) |
| At end of financial year | **(1,900)** | (1,900) |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 26 Other reserves (cont'd)

Option reserve balance arose from the initial recognition of the NCI put liability in the consolidated financial statements. The option reserve will be presented in other reserves until the put option is exercised or expired (Note 21).

### 27 Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements in the deferred tax account are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| At beginning of financial year | **2,982** | 1,353 | **340** | 510 |
| Tax charge/(credit) to | | | | |
| – Profit or loss (Note 9) | **(98)** | (86) | **54** | (170) |
| – Translation difference | **–** | 11 | **–** | – |
| Acquisition of a subsidiary | **–** | 1,704 | **–** | – |
| At end of financial year | **2,884** | 2,982 | **394** | 340 |

Representing:

Deferred tax liability/(asset) arising from:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Accelerated tax depreciation | **1,853** | 1,801 | **722** | 646 |
| Intangible assets | **1,348** | 1,471 | **–** | – |
| Provisions | **(369)** | (346) | **(328)** | (306) |
| Unutilised capital allowances and losses | **(6)** | (2) | **–** | – |
| Others | **58** | 58 | **–** | – |
| | **2,884** | 2,982 | **394** | 340 |

At the end of the reporting period, the Group has undistributed earnings amount of $10,743,000 (2017: $9,495,000) of a subsidiary for which deferred tax liabilities have not been recognised. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 28 Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade payables | **6,019** | 6,341 | **3,357** | 3,445 |
| Due to subsidiaries, trade | **–** | – | **682** | 773 |
| | **6,019** | 6,341 | **4,039** | 4,218 |
| Other payables | **1,720** | 2,271 | **807** | 900 |
| Accrued operating expenses | **4,834** | 5,723 | **2,695** | 3,095 |
| Deferred income | **655** | 600 | **608** | 566 |
| Due to subsidiaries, non-trade | **–** | – | **496** | 470 |
| Payable for acquisition of trademarks, and related knowhow and goodwill | **256** | 256 | **–** | – |
| Balance consideration payable for acquisition of Chilli Padi group (Note 31) | **1,452** | – | **1,452** | – |
| | **8,917** | 8,850 | **6,058** | 5,031 |
| Total | **14,936** | 15,191 | **10,097** | 9,249 |

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

## 29 Provisions

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| Provision for restoration costs | **1,582** | 1,491 | **987** | 987 |
| Provision for unutilised annual leave | **1,127** | 944 | **845** | 696 |
| | **2,709** | 2,435 | **1,832** | 1,683 |
| Represented by: | | | | |
| Non-current liabilities | **1,121** | 1,142 | **702** | 825 |
| Current liabilities | **1,588** | 1,293 | **1,130** | 858 |
| | **2,709** | 2,435 | **1,832** | 1,683 |

# Notes to the Financial Statements

## For the financial year ended 31 December 2018

### 29 Provisions (cont'd)

Movements in provision for restoration costs during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning of financial year | **1,491** | 1,131 | **987** | 997 |
| Acquisition of a subsidiary | **–** | 90 | **–** | – |
| Provision during the financial year | **97** | 312 | **–** | 27 |
| Utilised during the financial year | **(6)** | (41) | **–** | (36) |
| Unused amounts reversed during the financial year | **–** | (1) | **–** | (1) |
| At end of financial year | **1,582** | 1,491 | **987** | 987 |

The provision for restoration costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to remove leasehold improvements from leased properties. The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases ranges from less than 1 year to 5 years.

Movements in provision for unutilised annual leave during the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | $'000 | $'000 | $'000 | $'000 |
| At beginning of financial year | **944** | 813 | **696** | 705 |
| Provision/(reversal) during the financial year | **183** | 2 | **149** | (9) |
| Translation | **–** | 1 | **–** | – |
| Acquisition of a subsidiary | **–** | 128 | **–** | – |
| At end of financial year | **1,127** | 944 | **845** | 696 |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 30 Borrowings

| | Group 2018 $'000 | Group 2017 $'000 |
|---|---|---|
| **Non-current** | | |
| *Secured* | | |
| Finance lease liabilities | **321** | – |
| **Current** | | |
| *Secured* | | |
| Finance lease liabilities | **81** | – |
| Banker's acceptance | **299** | 142 |
| | **380** | 142 |

*Finance lease liabilities*

| | Group 2018 Minimum lease payments $'000 | Group 2018 Present Value $'000 | Group 2017 Minimum lease payments $'000 | Group 2017 Present Value $'000 |
|---|---|---|---|---|
| Not later than one financial year | **104** | **81** | – | – |
| Later than one financial year but not later than five financial years | **354** | **321** | – | – |
| Total minimum lease payments | **458** | | – | |
| Less: Future finance charges | **(56)** | **–** | – | – |
| Present value of finance lease liabilities | **402** | **402** | – | – |

The net book values of plant and equipment acquired and held as security under finance lease agreements is $413,000. The effective interest rate of the finance lease liabilities is 3.2% per annum.

*Banker's acceptance*

The banker's acceptance of $299,000 (2017: $142,000) of a subsidiary is secured by way of fixed charges over the subsidiary's properties with net carrying value of $1,311,000 (2017: $1,345,000), pledge on the subsidiary's fixed deposits, and corporate guarantees from a wholly-owned subsidiary of the Company together with the Company.

The banker's acceptance bears interest at 4.25% (2017: 4%) per annum at the end of the reporting period.

The carrying amount of the banker's acceptance approximates its fair value at the end of the reporting period.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 30 Borrowings (cont'd)

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

| | Group | | |
|---|---|---|---|
| | **Banker's acceptance** | **Finance lease liabilities** | **Total** |
| | **$'000** | **$'000** | **$'000** |
| **2018** | | | |
| At beginning of financial year | 142 | – | 142 |
| Changes from financing cash flows: | | | |
| – Proceeds | 157 | 402 | 559 |
| – Interest paid | (7) | (16) | (23) |
| Non-cash changes: | | | |
| – Interest expense | 7 | 16 | 23 |
| At end of financial year | **299** | **402** | **701** |
| 2017 | | | |
| At beginning of financial year | 176 | – | 176 |
| Changes from financing cash flows: | | | |
| – Repayments | (34) | – | (34) |
| – Interest paid | (6) | – | (6) |
| Non-cash changes: | | | |
| – Interest expense | 6 | – | 6 |
| At end of financial year | 142 | – | 142 |

## 31 Other liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Other payable | **–** | 1,395 | **–** | 1,395 |
| Put liability/option | **3,640** | 3,600 | **1,700** | 1,700 |
| | **3,640** | 4,995 | **1,700** | 3,095 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 31 Other liabilities (cont'd)

**Group**

Other payable refers to the balance purchase consideration payable to the non-controlling shareholder for acquisition of Chilli Padi group in 2017. The balance, which is interest-free, is measured at amortised cost determined based on an effective interest rate of 4.1% (2017: 4.1%) per annum and is payable in 2019. The payable has been classified as current in the current reporting period (Note 28).

The carrying value of the NCI put liability for the Group at 31 December 2018 represents the present value of the estimated option consideration payable by the Group for the potential future acquisition of the remaining 20% shares of the Chilli Padi group. The put liability is measured at amortised cost determined based on an effective interest rate of 4.1% (2017: 4.1%) per annum.

**Company**

The put option on the remaining 20% shares in the Chilli Padi group is recognised at its fair value at 31 December 2018 (Note 21).

## 32 Dividends

The directors have proposed a final tax exempt dividend for 2018 of 1.5 cents per share of approximately $3,015,000. These financial statements do not reflect these dividends payable, which if approved at the Annual General Meeting of the Company, will be accounted for in the shareholders' equity as an appropriation of accumulated profits in the financial year ending 31 December 2019.

## 33 Contingent liabilities

Details and estimates of maximum amounts of contingent liabilities are as follows:

(i) the Company has provided corporate guarantee of RM6 million (approximately $2 million) (2017: RM6 million (approximately $2 million) executed together with a wholly-owned subsidiary to a bank for banking facilities taken by a subsidiary of RM1,284,000, approximately $423,000 (2017: RM796,000, approximately $263,000) at the end of the reporting period;

(ii) the Company has provided a corporate guarantee of $2 million (2017: $2 million) to a bank for banker's guarantee facility taken by a subsidiary of $845,000 (2017: $1,010,000) at the end of the reporting period; and

(iii) the Company has provided a corporate guarantee of RM4.4 million (approximately $1.5 million) (2017: nil) to a bank for banking facility taken up by a joint venture company. The banking facility has been fully utilised as at the end of the reporting period.

Management has determined that the fair value of the above financial guarantees provided by the Company is not material to the financial statements and is therefore not recognised in the Group's and Company's financial statements. Management has assessed that the subsidiaries and joint venture will be able to meet the contractual cash flow obligation and does not expect significant credit losses arising from these financial guarantees.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 34 Commitments for expenditure

### (a) Lease commitments

The Group and Company lease warehouses and sales outlets under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Certain leases also provide for contingent rentals based on certain percentages of sales. Commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities, are payable as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Not later than one financial year | **17,149** | 17,952 | **12,991** | 14,919 |
| Later than one financial year but not later than five financial years | **15,348** | 21,351 | **11,469** | 16,050 |
| More than five financial years | **–** | 126 | **–** | – |
| | **32,497** | 39,429 | **24,460** | 30,969 |

Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

### (b) Capital commitments

Capital commitments not provided for in the financial statements:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Capital commitments in respect of capital expenditure by PT ABR Bintan Investments | **1,098** | – | **–** | – |
| Capital commitments in respect of contingent acquisition of interest in PT Bintan Lagoon Resort (Note 23) | **–** | 61,000 | **–** | – |
| Share of joint venture's capital commitments in relation to purchase of land for property development | **333** | – | **–** | – |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments

### (a) Categories of financial instruments

Financial instruments at the end of the reporting period are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| *Financial assets* | | | | |
| Loans and receivables (including cash and cash equivalents) | **–** | 78,719 | **–** | 58,977 |
| Available-for-sale financial assets | **–** | 35 | **–** | 35 |
| Financial assets at amortised costs | **70,337** | – | **46,725** | – |
| Financial asset at FVOCI | **35** | – | **35** | – |
| Financial assets at fair value through profit or loss | **381** | 381 | **381** | 381 |
| *Financial liabilities* | | | | |
| At amortised cost | **18,622** | 19,728 | **9,489** | 10,078 |
| At fair value | **–** | – | **1,700** | 1,700 |

### (b) Financial risks management

The Group's overall risk management framework is set by the Board of Directors of the Company which sets out the Group's overall business strategies and its risk management philosophy. The Group's overall risk management approach seeks to minimise potential adverse effects on the financial performance of the Group.

There has been no change to the Group's exposure to these financial risks or the way in which it manages and measures financial risk. Market risk, credit risk and liquidity risk exposures are measured using sensitivity analysis indicated below.

**Market risk**

*Foreign exchange risk*

The Group's foreign currency exposure arises mainly from holding cash and short-term deposits denominated in foreign currencies for working capital purposes and purchases that are denominated in currencies other than the respective functional currencies of the Group entities. At the end of the reporting period, such foreign currency balances are mainly in United States Dollars ("USD") and Australian Dollars ("AUD").

It is not the Group's policy to take speculative positions in foreign currencies.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 35 Financial instruments (cont'd)

#### (b) Financial risks management (cont'd)

**Market risk (cont'd)**

*Foreign exchange risk (cont'd)*

The Group's and the Company's foreign currency exposure is as follows:

| | Denominated in | | |
|---|---|---|---|
| | **USD** | **AUD** | **Total** |
| | **$'000** | **$'000** | **$'000** |
| **Group** | | | |
| **2018** | | | |
| **Financial assets** | | | |
| Cash and cash equivalents | 10,156 | 2,107 | 12,263 |
| **Financial liabilities** | | | |
| Trade payables | 384 | – | 384 |
| **Currency exposure – net financial assets** | **9,772** | **2,107** | **11,879** |
| 2017 | | | |
| Financial assets | | | |
| Cash and cash equivalents | 8,996 | 2,249 | 11,245 |
| Financial liabilities | | | |
| Trade payables | 411 | – | 411 |
| Currency exposure – net financial assets | 8,585 | 2,249 | 10,834 |

| | Denominated in AUD $'000 |
|---|---|
| **Company** | |
| **2018** | |
| Cash and cash equivalents | **2,107** |
| 2017 | |
| Cash and cash equivalents | 2,249 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Market risk (cont'd)**

*Foreign exchange risk (cont'd)*

The following table demonstrates the sensitivity to a reasonably possible change in USD and AUD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant, of the Group's and the Company's profit after tax:

| | Group Increase/(decrease) in profit after tax | | Company Increase/(decrease) in profit after tax | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| USD/SGD | | | | |
| – strengthened 3% (2017: 3%) | **243** | 214 | **–** | – |
| – weakened 3% (2017: 3%) | **(243)** | (214) | **–** | – |
| AUD/SGD | | | | |
| – strengthened 3% (2017: 3%) | **52** | 56 | **52** | 56 |
| – weakened 3% (2017: 3%) | **(52)** | (56) | **(52)** | (56) |

*Interest rate risk*

The Group's exposure to changes in interest rates relates primarily to the Group's debt obligations and fixed deposits placed with financial institutions. The Group maintains its borrowings in either variable or fixed rate instruments depending on which terms are more favourable to the Group. The Group manages its interest rate risk on its interest income by placing the surplus funds in fixed deposits of varying maturities and interest rate terms.

An increase in interest rates by 50 basis points for fixed deposits and borrowings is not expected to have a significant impact on the Group's profit after tax.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Credit risk**

The Group's principal financial assets are cash and bank balances, trade and other receivables, loans and investments.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

| Description of evaluation of financial assets | Basis for recognition and measurement of ECL |
|---|---|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition | Lifetime ECL - not credit-impaired |
| Contractual payments are more than 120 days past due or there is evidence of credit impairment | Lifetime ECL - credit-impaired |
| There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off |

*Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Group considers existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations and actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Credit risk (cont'd)**

*Significant increase in credit risk (cont'd)*

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

*Maximum exposure and concentration of credit risk*

At the end of the reporting period, 25% (2017: 25%) and 40% (2017: 38%) of the Group's and Company's trade receivables were due from 5 major debtors. Loans to equity-accounted investees, as disclosed in Notes 15 and 20, represent a significant portion of the Group's receivables while loans to subsidiaries, as disclosed in Notes 14 and 19, represent a significant portion of the Company's receivables.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial assets recognised on the statements of financial position and the corporate guarantees provided by the Group and Company to banks as disclosed in Note 33.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Credit risk (cont'd)**

*Trade receivables*

The Group has applied the simplified approach by using a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

*Credit quality of financial assets*

The table below details the credit quality of the Group's and the Company's financial asset as at 31 December 2018:

| Group | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|
| Trade receivables | Lifetime | 2,994 | (22) | 2,972 |
| Other receivables | 12-month (Exposure limited) | 5,245 | – | 5,245 |
| | Lifetime | 1,990 | (1,768) | 222 |
| Loans to equity-accounted investees | 12-month | 12,579 | – | 12,579 |
| Due from associated companies (non-trade) | Lifetime | 214 | (205) | 9 |
| Cash and cash equivalents | Not applicable (Exposure limited) | 49,310 | – | 49,310 |

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Credit risk (cont'd)**

*Credit quality of financial assets (cont'd)*

The table below details the credit quality of the Group's and the Company's financial asset as at 31 December 2018 *(cont'd)*:

| Company | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|
| Trade receivables | Lifetime | 1,089 | – | 1,089 |
| Other receivables | 12-month (Exposure limited) | 3,999 | – | 3,999 |
| | Lifetime | 1,881 | (1,768) | 113 |
| Due from subsidiaries | 12-month (Exposure limited) | 18,534 | – | 18,534 |
| | Lifetime | 14,945 | (14,053) | 892 |
| Due from associated companies (non-trade) | Lifetime | 205 | (205) | – |
| Cash and cash equivalents | Not applicable (Exposure limited) | 22,098 | – | 22,098 |

*Loans to equity-accounted investees and subsidiaries*

For the loans to equity-accounted investees and subsidiaries where impairment loss allowance is measured using 12 months ECL, the Group and the Company assessed the latest performance and financial position of the respective counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 35 Financial instruments (cont'd)

#### (b) Financial risks management (cont'd)

**Credit risk (cont'd)**

*Movements in credit loss allowance*

There are no movement in the allowance for impairment of financial assets under SFRS (I) 9 during the financial year for the Group and Company except for the following:

| | Due from equity-accounted investees (current) $'000 | Trade receivables $'000 | Other receivables $'000 |
|---|---|---|---|
| **Group and Company** | | | |
| Balance at 1 January 2018 | 202 | 25 | 1,773 |
| Loss allowance measured/(reversed): | | | |
| Lifetime ECL | | | |
| – Simplified approach | – | (3) | – |
| – Credit-impaired | 3 | – | – |
| Receivables written off as uncollectable | – | – | (5) |
| Balance at 31 December 2018 | 205 | 22 | 1,768 |

*Previous accounting policy for impairment of financial assets*

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the statement of financial position are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(i) Analysis of trade receivables at the end of the reporting period:

| | Group 2017 $'000 | Company 2017 $'000 |
|---|---|---|
| Not past due and not impaired | 2,203 | 1,162 |
| Past due and not impaired | 1,449 | 482 |
| | 3,652 | 1,644 |

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 35 Financial instruments (cont'd)

### (b) Financial risks management (cont'd)

**Credit risk (cont'd)**

*Previous accounting policy for impairment of financial assets (cont'd)*

(ii) Trade receivables that are past due and not impaired:

| | Group 2017 $'000 | Company 2017 $'000 |
|---|---|---|
| Past due 0 - 30 days | 696 | 240 |
| Past due 31 - 60 days | 325 | 198 |
| Past due 61 - 90 days | 173 | 17 |
| Past due more than 90 days | 255 | 27 |
| | 1,449 | 482 |

(iii) Receivables that are past due and impaired:

*Group*

Trade receivables that are past due and fully impaired totalled $25,000 as at 31 December 2017.

*Company*

Trade receivables due from subsidiaries of approximately $4,066,000 were past due and fully impaired at 31 December 2017.

**Liquidity risk**

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

In managing its liquidity, management monitors and reviews the Group's and Company's forecasts of liquidity reserves (comprise cash and cash equivalents and available credit facilities) based on expected cash flows of the respective operating companies of the Group.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 35 Financial instruments (cont'd)

#### (b) Financial risks management (cont'd)

**Liquidity risk (cont'd)**

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

| | 2018 $'000 | | | 2017 $'000 | | |
|---|---|---|---|---|---|---|
| | **Within 1 year** | **Within 2 to 5 years** | **Total** | **Within 1 year** | **Within 2 to 5 years** | **Total** |
| **Group** | | | | | | |
| Trade and other payables | **14,281** | **–** | **14,281** | 14,591 | – | 14,591 |
| Borrowings | **403** | **354** | **757** | 142 | – | 142 |
| Financial guarantee contracts | **1,500** | **–** | **1,500** | – | – | – |
| Other liabilities | **–** | **4,086** | **4,086** | – | 5,530 | 5,530 |
| **Company** | | | | | | |
| Trade and other payables | **9,489** | **–** | **9,489** | 8,683 | – | 8,683 |
| Financial guarantee contracts | **2,768** | **–** | **2,768** | 1,273 | – | 1,273 |
| Other liability | **–** | **–** | **–** | – | 1,480 | 1,480 |

### 36 Fair value of assets and liabilities

#### (a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 36 Fair value of assets and liabilities (cont'd)

### (b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for each class of assets and liabilities measured at fair value on the statements of financial position at the end of the reporting period:

| | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2018** | | | | |
| Other asset | **–** | **–** | **381** | **381** |
| Financial asset at FVOCI | **–** | **–** | **35** | **35** |
| 2017 | | | | |
| Other asset | – | – | 381 | 381 |
| **Company** | | | | |
| **2018** | | | | |
| Other asset | **–** | **–** | **381** | **381** |
| Financial asset at FVOCI | **–** | **–** | **35** | **35** |
| Other liabilities | | | | |
| Put option | **–** | **–** | **1,700** | **1,700** |
| 2017 | | | | |
| Other asset | – | – | 381 | 381 |
| Other liabilities | | | | |
| Put option | – | – | 1,700 | 1,700 |

The fair values of the call option and put option are estimated by applying the Black-Scholes option valuation model. The inputs to the Black-Scholes model mainly include the value of the interest, exercise price, dividend yield and expected volatility. Management considered the appropriateness of the valuation technique and assumptions applied. This fair value measurement is categorised in Level 3 of the fair value hierarchy. Any significant changes in the inputs to the Black-Scholes model would result in higher or lower fair value measurements.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 36 Fair value of assets and liabilities (cont'd)

### (c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

These are current receivables, other investment, trade and other payables and current borrowings. The carrying amounts of these financial assets at amortised costs/loan and receivables and financial liabilities are reasonable approximation of fair values due to their short-term nature.

The loans to equity-accounted investees of $4,245,000 (2017: $1,450,000) (Note 20) approximates their fair value as there is no significant change in the market interest rate of a similar loan at the end of the reporting period. This fair values measurement based on discounted cash flow analysis is categorised in Level 3 of the fair value hierarchy.

Based on the discounted cash flow analysis using market interest rates for similar finance lease agreements at the reporting date, the fair values of finance lease liabilities at the reporting date approximate their carrying amounts as the market interest rate at the reporting date is close to the effective interest rate of the Group's existing finance lease liabilities. This fair value measurement for disclosure purposes is categorised in Level 3 of the fair value hierarchy.

The carrying values of the Group's other liabilities, as disclosed in Note 31, approximate their fair values at the end of the reporting period. The fair values of the other liabilities are determined based on discounted cash flow analysis using a discount rate of 4.1% (2017: 4.1%) which is the market lending rate that management expects would be available to the Group at the end of the reporting period. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

### (d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Loans to subsidiaries disclosed in Note 14 and Note 19(i) and loans to associated companies (Note 15) do not have fixed repayment terms and fair values are not determinable with sufficient reliability as the timing of future cash flows cannot be estimated reliably. Accordingly, these loans are carried at cost.

In 2017, the available-for-sale financial assets as disclosed in Note 17 was carried at cost as the fair value cannot be measured reliably.

### (e) Assets not carried at fair value but for which fair value is disclosed

The fair values of the investment properties for disclosure purposes are categorised within Level 3 of the fair value hierarchy.

The fair values of the Group's investment properties were determined based on valuations performed by independent professional valuers using comparison method.

Based on the comparison method, comparison was made to recent sales transactions of comparable properties within the vicinity and elsewhere. Necessary adjustments have been made for differences in location, tenure, size, shape, design and layout, age and condition of buildings, dates of transactions and the prevailing market conditions amongst other factors affecting its value. Any significant changes to the adjustments made to market value for differences in location or condition would result in higher or lower fair value measurement.

### (f) Valuation process applied by the Group

For valuation performed by external valuers, management considers the appropriateness of the valuation technique and assumptions applied by the external valuers. The measurement of fair values of other asset, financial assets at FVOCI and put option within Level 3 fair value hierarchy is performed by the Group's finance department by reference to external and internal pricing information.

The valuation reports and computations supporting fair values and changes in fair value measurements are analysed and reviewed by management before they are included as disclosures or accounted into the financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2018

## 37 Segment information

The Group is organised into business units based on its products and services for management reporting purposes. The Group's reportable business segments for current financial year comprises Food and Beverage, Others and a newly reportable segment, Property Investments. Comparative segment information has been restated to reflect Property Investments as a separate segment in 2017 to conform with current year's presentation. Management monitors the operating results of its business units separately for making decisions about allocation of resources and assessment of performances of each segment.

The segment information provided to management for the reportable segments are as follows:

| | Food and beverage $'000 | Property investments $'000 | Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|
| **2018** | | | | | |
| Revenue from external customers | 124,949 | – | 55 | – | **125,004** |
| Inter-segment revenue | – | – | 2,287 | (2,287) | **–** |
| Total revenue | 124,949 | – | 2,342 | (2,287) | **125,004** |
| Segment results | 5,902 | (131) | (1,463) | – | **4,308** |
| Finance costs | (23) | – | (97) | – | **(120)** |
| Share of results of equity-accounted investees | – | (198) | – | – | **(198)** |
| Profit before tax | 5,879 | (329) | (1,560) | – | **3,990** |
| Income tax expense | | | | | **(765)** |
| Profit after tax | | | | | **3,225** |
| Non-controlling interests | | | | | **(559)** |
| Net profit attributable to owners of the Company | | | | | **2,666** |
| **Assets** | | | | | |
| Investment in equity-accounted investees | – | 17,547 | – | – | **17,547** |
| Segment assets | 92,787 | 9,816 | 17,576 | (12,090) | **108,089** |
| Unallocated assets | | | | | **381** |
| **Total assets** | | | | | **126,017** |
| **Liabilities** | | | | | |
| Segment liabilities | 20,100 | 13,838 | 9,375 | (26,418) | **16,895** |
| Unallocated liabilities | | | | | **8,951** |
| **Total liabilities** | | | | | **25,846** |
| Capital expenditure | 2,196 | – | 4 | – | **2,200** |
| Depreciation and amortisation | 4,634 | 161 | 191 | – | **4,986** |
| Reversal of allowance in value in other investment | – | – | (1) | – | **(1)** |
| Other non-cash expenses | 403 | – | 90 | – | **493** |

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 37 Segment information (cont'd)

| | Food and beverage $'000 | Property investments $'000 | Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|
| 2017 | | | | | |
| Revenue from external customers | 117,929 | – | 61 | – | 117,990 |
| Inter-segment revenue | – | – | 2,561 | (2,561) | – |
| Total revenue | 117,929 | – | 2,622 | (2,561) | 117,990 |
| Segment results | 9,757 | 76 | (1,795) | – | 8,038 |
| Finance costs | (6) | – | (29) | – | (35) |
| Share of results of equity-accounted investees | – | (300) | – | – | (300) |
| Profit before tax | 9,751 | (224) | (1,824) | – | 7,703 |
| Income tax expense | | | | | (951) |
| Profit after tax | | | | | 6,752 |
| Non-controlling interests | | | | | (524) |
| Net profit attributable to owners of the Company | | | | | 6,228 |
| Assets | | | | | |
| Investment in equity-accounted investees | – | 7,775 | – | – | 7,775 |
| Segment assets | 106,315 | 9,684 | 16,645 | (12,320) | 120,324 |
| Unallocated assets | | | | | 381 |
| Total assets | | | | | 128,480 |
| Liabilities | | | | | |
| Segment liabilities | 20,925 | 12,692 | 10,087 | (25,936) | 17,768 |
| Unallocated liabilities | | | | | 9,259 |
| Total liabilities | | | | | 27,027 |
| Capital expenditure | 4,481 | – | 46 | – | 4,527 |
| Depreciation and amortisation | 3,968 | 181 | 196 | – | 4,345 |
| Other non-cash expenses | 103 | – | 29 | – | 132 |

Note: Inter-segment revenues are eliminated on consolidation.

Inter-segment assets and liabilities as included in the respective reportable segments are eliminated to arrive at the total assets and liabilities reported in the consolidated statement of financial position.

Others segment included unallocated Group-level corporate services cost, income from investment holding and franchising.

# Notes to the Financial Statements
## For the financial year ended 31 December 2018

### 37 Segment information (cont'd)

Segment results

Performance of each segment is evaluated based on segment profit or loss which is measured in a manner that is consistent with the net profit or loss before tax in the consolidated statement of profit or loss and other comprehensive income. Sales between operating segments are on terms agreed by Group entities concerned.

Segment assets

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments except for other asset (Note 21).

Segment liabilities

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than other liabilities (Note 31), balance consideration payable (Note 28), deferred income tax liabilities and current tax payable which are classified as unallocated liabilities.

**Geographical information**

Revenue and non-current assets information based on the entity's country of domicile and locations in which the entity hold assets are as follows:

| | Sales to external customers | | Non-current assets | |
|---|---|---|---|---|
| | **2018** | **2017** | **2018** | **2017** |
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Singapore | **108,859** | 102,449 | **35,503** | 37,844 |
| Malaysia | **16,091** | 15,480 | **15,346** | 6,790 |
| Rest of Asia | **54** | 61 | **342** | 404 |
| | **125,004** | 117,990 | **51,191** | 45,038 |

**Information about major customer**

The Group did not have any single customer contributing 10% or more to its revenue for the financial years ended 31 December 2018 and 31 December 2017.

### 38 Capital management

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The directors of the Group review the capital structure on a periodic basis. As part of the review, the directors consider the cost of capital and other sources of funds, including borrowings from banks and third parties.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the Group consists of equity attributable to owners of the Company comprising share capital, other reserves and accumulated profits. The Group's overall strategy remains unchanged from 2017.

# Notes to the Financial Statements
For the financial year ended 31 December 2018

## 38 Capital management (cont'd)

| | Group | |
|---|---|---|
| | **2018** | 2017 |
| | **$'000** | $'000 |
| Borrowings (Note 30) | **(701)** | (142) |
| Less: Cash and cash equivalents | **49,183** | 56,487 |
| Net cash | **48,482** | 56,345 |
| Equity attributable to owners of the Company | **96,382** | 98,490 |
| Total capital | **96,382** | 98,490 |

The Group is currently in a net cash position. The Group will continue to be guided by prudent financial policies of which gearing is monitored.

## 39 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 27 March 2019.

# List of Properties
## As at 31 December 2018

| Description | Location | Floor Area (Sqm) | Tenure of Lease (Use) |
|---|---|---|---|
| **Singapore** | | | |
| A shop unit located on the first storey of a shopping-cum-residential development known as City Plaza | 810 Geylang Road<br>#01-103 City Plaza<br>Singapore 409286 | 25 | Freehold<br>(Rental) |
| A shop unit located on the second storey of Far East Plaza | 14 Scotts Road<br>#02-22 Far East Plaza<br>Singapore 228213 | 39 | Freehold<br>(Rental) |
| A shop unit located on the third storey of Thomson Plaza | 301 Upper Thomson Road<br>#03-23 & 23A Thomson Plaza<br>Singapore 574408 | 349 | Leasehold 99 years less one day from 15 October 1976<br>(Food and Beverage outlet) |
| A HDB shop unit with living quarters located within Block 5 Changi Village Road | Block 5 Changi Village Road<br>#01-2001<br>Singapore 500005 | 358 | 85 years from 1 July 1994<br>(Rental) |
| A 4-storey factory building with a basement carpark | 41 Tampines Street 92<br>Singapore 528881 | 9,780 | 30 years from 1 July 1993, with a further term of 30 years<br>(Factory, warehouse and office) |
| **Malaysia** | | | |
| A double storey factory building | No.1 Jalan Dewani Satu<br>Off Jalan Tampoi<br>Kawasan Perindustrian Temenggong<br>81100 Johor Bahru | 3,420 | Freehold<br>(Factory) |
| A 3-storey terrace shop | No.82 Jalan Serampang<br>Taman Pelangi<br>86400 Johor Bahru | 178 | Freehold<br>(Food and Beverage outlet) |
| **Indonesia** | | | |
| An apartment unit in Ascott Towers Indonesia | Unit 06-23<br>Jalan Kebon Kacang Raya No.2<br>Jakarta 10230 | 159 | 20 years and is renewable for a further term of 20 years<br>(Rental) |

# Shareholders' Information
## As at 21 March 2019

| | | |
|---|---|---|
| Class of shares | : | Ordinary Shares |
| Voting rights | : | One vote per Share |
| No. of issued shares | : | 200,995,734 Ordinary Shares |
| Treasury shares | : | NIL |
| No. of subsidiary holdings held | : | NIL |

### Distribution of Shareholdings as at 21 March 2019

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 7 | 0.69 | 284 | 0.00 |
| 100 – 1,000 | 150 | 14.87 | 136,937 | 0.07 |
| 1,001 – 10,000 | 631 | 62.54 | 3,186,200 | 1.58 |
| 10,001 – 1,000,000 | 211 | 20.91 | 11,789,354 | 5.87 |
| 1,000,001 and above | 10 | 0.99 | 185,882,959 | 92.48 |
| Total | 1,009 | 100.00 | 200,995,734 | 100.00 |

### Substantial Shareholders as at 21 March 2019

| | Direct Interest | | Indirect Interest | |
|---|---|---|---|---|
| Name of Substantial Shareholders | No. of Shares | % | No. of Shares | % |
| Ang Yee Lim | 100,877,301[1] | 50.19 | – | – |
| Kechapi Pte Ltd | 56,925,858[2] | 28.32 | – | – |
| Alby (Private) Limited | – | – | 56,925,858[3] | 28.32 |
| Chua Tiang Choon, Keith | 300,000 | 0.15 | 56,925,858[3] | 28.32 |
| Allan Chua Tiang Kwang | 300,000 | 0.15 | 56,925,858[3] | 28.32 |
| Chua Tiang Chuan | – | – | 56,925,858[3] | 28.32 |
| Kestrel Capital Pte Ltd | 13,403,000[4] | 6.67 | – | – |
| Lim Eng Hock | – | – | 15,961,800[5] | 7.94 |

**Notes :-**

1. 62,700,000 ordinary shares are held through nominees
2. 20,000,000 ordinary shares are held through nominees
3. Deemed to have interest in 56,925,858 ordinary shares held by Kechapi Pte Ltd
4. 13,403,000 ordinary shares are held through nominees
5. Deemed to have interest in 13,403,000 ordinary shares held by Kestrel Capital Pte Ltd and 2,558,800 ordinary shares held by nominees

# Shareholders' Information
As at 21 March 2019

## Twenty Largest Shareholders as at 21 March 2019

| No. | Name of Shareholders | No. of shares | % |
|---|---|---|---|
| 1 | Citibank Nominees Singapore Pte Ltd | 59,301,500 | 29.50 |
| 2 | Ang Yee Lim | 38,177,301 | 18.99 |
| 3 | Kechapi Pte Ltd | 36,925,858 | 18.37 |
| 4 | UOB Kay Hian Pte Ltd | 21,092,800 | 10.49 |
| 5 | Hong Leong Finance Nominees Pte Ltd | 20,000,000 | 9.95 |
| 6 | RHB Securities Singapore Pte Ltd | 3,160,300 | 1.57 |
| 7 | Yap Boh Sim | 2,310,000 | 1.15 |
| 8 | Ang Lian Seng | 2,300,000 | 1.14 |
| 9 | Yit Teng Yuet | 1,435,000 | 0.71 |
| 10 | DBS Nominees Pte Ltd | 1,180,200 | 0.59 |
| 11 | HSBC (Singapore) Nominees Pte Ltd | 787,000 | 0.39 |
| 12 | Ong Kheng Ho | 495,000 | 0.25 |
| 13 | So Tai Lai | 470,000 | 0.23 |
| 14 | United Overseas Bank Nominees (Private) Limited | 436,000 | 0.22 |
| 15 | Ong Kok Foo | 350,000 | 0.17 |
| 16 | Ronald Lim Cheng Aun | 305,000 | 0.15 |
| 17 | Allan Chua Tiang Kwang | 300,000 | 0.15 |
| 18 | Chua Tiang Choon, Keith | 300,000 | 0.15 |
| 19 | Leck Kim Seng | 300,000 | 0.15 |
| 20 | Quek Mong Hua | 300,000 | 0.15 |
| | **Total:** | **189,925,959** | **94.47** |

Based on Shareholders' Information as at 21 March 2019, approximately 11.64% of the total number of issued shares of the Company are held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the 40th Annual General Meeting of the Company will be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Thursday, 25 April 2019 at 10:00 a.m., to transact the following businesses:

## AS ORDINARY BUSINESSES:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon. ***Resolution 1***

2. To approve the payment of a tax exempt (1-tier) Final Dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2018. ***Resolution 2***

3. To approve the payment of the Directors' fees of $205,000 for the financial year ended 31 December 2018 (2017: $205,000). ***Resolution 3***

4. To re-elect Mr Lim Jen Howe, the director retiring by rotation pursuant to Article 98 of the Company's Constitution. ***Resolution 4***

   *[See Explanatory Note (i)]*

5. To re-elect Mr Quek Mong Hua, the director retiring by rotation pursuant to Article 98 of the Company's Constitution. ***Resolution 5***

   *[See Explanatory Note (ii)]*

6. To re-elect Mr Ang Yee Lim, the director retiring pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). ***Resolution 6***

   *[See Explanatory Note (iii)]*

7. To re-appoint Messrs Baker Tilly TFW LLP as Auditor of the Company and to authorise the Directors to fix the Auditor's remuneration. ***Resolution 7***

## AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following ordinary resolution with or without modifications:

8. **Authority to allot and issue shares** ***Resolution 8***

   "THAT pursuant to Section 161 of the Companies Act, Chapter 50, and the Listing Rules of SGX-ST, authority be and is hereby given for the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

   (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

   (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

   (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues;

# Notice of Annual General Meeting

and (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while the authority was in force, provided always that:

(a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any), and for the purpose of this Resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be the Company's total number of issued shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:

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

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, and

(iii) any subsequent bonus issue, consolidation or subdivision of the Company's shares;

(b) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

*[See Explanatory Note (iv)]*

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

FOR AND ON BEHALF OF THE BOARD

Chua Tiang Choon, Keith
Executive Chairman

10 April 2019

***Explanatory Notes:***

(i) Key information on Mr Lim Jen Howe can be found in the "Board of Directors", and "Additional Requirements Under Rule 720(6) of the Listing Manual" under the "Report on Corporate Governance", sections of the Annual Report 2018. Mr Lim will, upon re-election as a Director of the Company, remain as the Chairman of the Audit Committee, and a member of the Remuneration and Nominating Committees. Mr Lim is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There is no relationship (including family relationship) between Mr Lim and the other Directors of the Company or its substantial shareholders.

(ii) Key information on Mr Quek Mong Hua can be found in the "Board of Directors", and "Additional Requirements Under Rule 720(6) of the Listing Manual" under the "Report on Corporate Governance", sections of the Annual Report 2018. Mr Quek will, upon re-election as a Director of the Company, remain as the Chairman of the Remuneration and Nominating Committees, and a member of the Audit Committee. Mr Quek is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. There is no relationship (including family relationship) between Mr Quek and the other Directors of the Company or its substantial shareholders.

(iii) Key information on Mr Ang Yee Lim can be found in the "Board of Directors", and "Additional Requirements Under Rule 720(6) of the Listing Manual" under the "Report on Corporate Governance", sections of the Annual Report 2018. Mr Ang will, upon re-election as Director of the Company, remain as Managing Director of the Company.

# Notice of Annual General Meeting

(iv) Ordinary Resolution No. 8 is to empower the Directors, from the date of the passing of Ordinary Resolution No. 8 to the date of the next Annual General Meeting, to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in total 50% of the issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, with a sub-limit of 20% of the issued shares (excluding treasury shares and subsidiary holdings, if any) for issues other than on a pro-rata basis to shareholders.

***Notes:***

(a) A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

(b) Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.

(c) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

*__*Relevant Intermediary__ is:*

i. a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

ii. a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or

iii. the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

(d) A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

(e) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

(f) Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

(g) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 41 Tampines Street 92, ABR Building, Singapore 528881, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis of the Company (or its agents or service providers) of proxies and/or representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

# Notice of Annual General Meeting

## NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 10 May 2019, for the purpose of determining shareholders' entitlements to the tax exempt Final Dividend of 1.50 Singapore cents per ordinary share, in respect of the financial year ended 31 December 2018.

Duly completed registrable transfers in respect of the shares in the Company received up to the close of business at 5.00 p.m. on 9 May 2019 by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, will be registered to determine shareholders' entitlements to the proposed dividend. Shareholders whose securities account maintained with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 9 May 2019, will be entitled to the payment of the proposed dividend.

The Final Dividend, if approved by shareholders at the forthcoming Annual General Meeting, will be paid to the shareholders on 24 May 2019.

FOR AND ON BEHALF OF THE BOARD

Chua Tiang Choon, Keith
Executive Chairman

10 April 2019

This page has been intentionally left blank.

# ABR HOLDINGS LIMITED

(Company Registration No.: 197803023H)
(Incorporated in the Republic of Singapore)

# ANNUAL GENERAL MEETING PROXY FORM

**IMPORTANT**

1. For investors who have used their CPF monies and/or SRS monies to buy ABR Holdings Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF / SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. A Relevant Intermediary may appoint more than two proxies to attend the Annual General Meeting and vote. (Please see Note 4 for the definition of Relevant Intermediary)

*I/We ______________________________ (Name) NRIC/Passport no.* ________________

of ______________________________________________________________

being *a member/members of ABR Holdings Limited (the "Company"), hereby appoint

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings to be represented by proxy** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address:** | | | |

*and/or

| **Name** | **NRIC/Passport No.** | **Proportion of Shareholdings to be represented by proxy** | |
|---|---|---|---|
| | | **No. of Shares** | **%** |
| **Address:** | | | |

or failing him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 40th Annual General Meeting of the Company to be held at 41 Tampines Street 92, #03-00 ABR Building, Singapore 528881 on Thursday, 25 April 2019 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion.

| **No.** | **Ordinary Resolutions** | **For#** | **Against#** |
|---|---|---|---|
| 1. | Adoption of the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 together with the Independent Auditor's Report thereon. | | |
| 2. | Approval of payment of a tax exempt (1-tier) Final Dividend of 1.50 Singapore cents per ordinary share for the financial year ended 31 December 2018. | | |
| 3. | Approval of payment of Directors' fees of $205,000 for the financial year ended 31 December 2018. | | |
| 4. | Re-election of Mr Lim Jen Howe as Director. | | |
| 5. | Re-election of Mr Quek Mong Hua as Director. | | |
| 6. | Re-election of Mr Ang Yee Lim as Director. | | |
| 7. | Re-appointment of Messrs Baker Tilly TFW LLP as Auditor. | | |
| 8. | Authority to allot and issue shares. | | |

* *Delete accordingly*
\# *If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" for each resolution within the box provided.*

Dated this ______________ day of ______________ 2019

| Total number of shares in | No. of Shares |
|---|---|
| (a) CDP Register | |
| (b) Register of Members | |

______________________________
Signature(s) of Member(s)/Common Seal

**IMPORTANT**. Please read notes overleaf.

**Notes:**

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap. 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 a proxy or proxies shall be deemed to relate to all the shares held by you.

2. A member of the Company shall not be entitled to appoint more than two proxies to attend and vote at the general meeting of the Company. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shares (expressed as a percentage of the whole) to be represented by each proxy.

4. A member who is a Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).

   ***Relevant Intermediary is:**

   (a) a banking corporation licensed under the Banking Act (Cap.19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who hold shares in that capacity; or

   (b) a person holding a capital markets services license to provide a custodial services for securities under the Securities and Futures Act (Cap.289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap.36), in respect of shares purchased on behalf of CPF investors.

5. A corporation which is a member may appoint an authorised representative or representatives in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore to attend and vote for and on behalf of such corporation.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an officer or attorney duly authorised in writing.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by the attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 41 Tampines Street 92, ABR Building, Singapore 528881, not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

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

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose shares are deposited with The Central Depository (Pte) Limited, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2018.

AFFIX
STAMP

The Company Secretary
**ABR HOLDINGS LIMITED**
41 Tampines Street 92
ABR Building
Singapore 528881

HOLDINGS LIMITED

ABR Holdings Limited

41 Tampines Street 92
ABR Building Singapore 528881
Tel: (65) 6786 2866
Fax: (65) 6782 1311