ABR HOLDINGS LIMITED

Celebrating 40 years

OF DELIGHTFUL CUISINE

ABR HOLDINGS LIMITED
ANNUAL REPORT 2019

CORPORATE PROFILE

ABR Holdings Limited ("ABR" or the "Group") traces its roots to 1979 with the establishment of the 200-seater Swensen's ice cream parlour at Thomson Plaza. Today, there are more than 25 Swensen's outlets in Singapore and across the causeway, and the Swensen's brand has become synonymous with fun, friendly family-dining.

Over the past four decades, we have expanded our stable of F&B brands to offer a variety of cuisines and product offerings in multiple dining formats to our customers.

From Swensen's' San Franciscan burgers and sundaes, Season Cafe's hearty East-meets-West fare to Tip Top's handmade curry and rendang puffs; Chilli Api's Peranakan classics served buffet-style at catered events or Season Confectionary's freshly baked breads and pastries sold in boutique bakeries around Johor Bahru. There is an F&B offering in ABR's stable of brands for everyone and for any occasion.

As the Group has grown, we have diversified our offerings and expanded our geographical reach. Nevertheless, at the heart of all we do is our mission to create memorable dining experiences that bring together friends and families.

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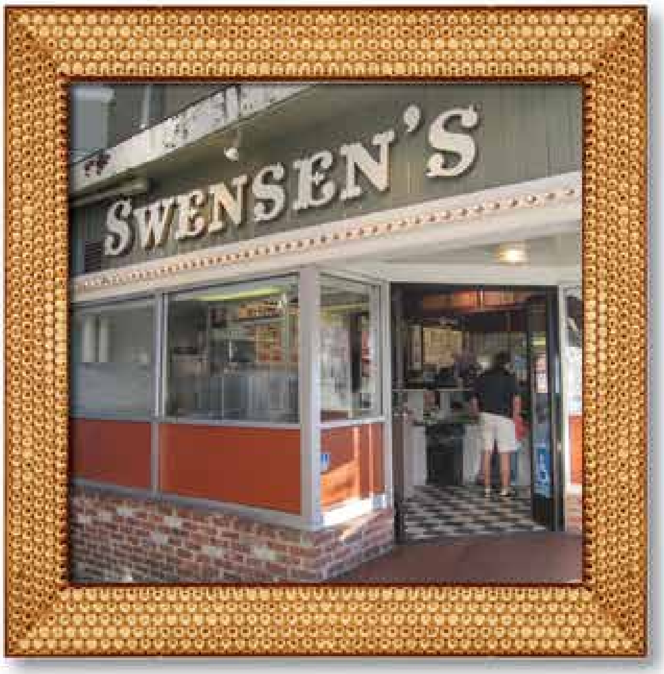
SWENSEN'S
40 Shiok Years

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 2019 ("FY2019").

In the year under review, the food and beverage industry continued to face challenges, including intensified competition and increased operating costs. As part of our strategies to improve the overall profitability of the Group, we maintained our focus on refining our businesses and expanding product offerings, as well as strengthening our operations. Despite the industry's challenging environment, our concerted efforts in building business resilience and maintaining our consumer appeal proved effective and garnered positive response from customers, indicating that we are on the right track towards greater strength and growth.



Performance Review

In FY2019, Group revenue was $121.1 million, a 3% decrease from $125.0 million in FY2018, mainly attributable to a reduction in the number of outlets.

Group profit before tax for FY2019 declined by 25% from about $4.0 million in FY2018 to $3.0 million. The weaker performance of the food and beverage operations was primarily attributed to increased competition. Apart from the lower operating performance, the Group's expenses increased by about $0.6 million as a result of adopting the new accounting standard on leases (SFRS(I) 16).

The Group recorded a profit after tax of $2.4 million for FY2019 which is 25% lower than $3.2 million in FY2018. After deducting the share of profit attributable to non-controlling interests, the Group recorded a net profit attributable to owners of the Company of almost $2.0 million in FY2019, from $2.7 million in FY2018.

Winning Accolades

We are delighted that for the 11th consecutive year, Swensen's was conferred the Platinum Award in the Family Restaurant category by the Reader's Digest Trusted Brands Survey 2019 – an accolade that is awarded on the basis of consumer votes taking into account the brand's trustworthiness, quality, value, understanding of customer needs, innovation and social responsibility. Swensen's was also voted one of the best family-friendly restaurants in the Expat Living Readers' Choice Awards 2019.

In addition, the Chilli Padi Group's flagship restaurant Chilli Padi Nonya Restaurant was recognised for its excellent food and awarded 'The Plate' distinction by the Michelin Bib Gourmand for the third year running.

Building our Property Business

In 2018, our wholly-owned Indonesian subsidiary PT ABR Bintan Investments entered into an agreement for the acquisition of a land plot of approximately 19,603 square metres located in Bintan, Indonesia, which has the potential for development in the future. The acquisition was subject to obtaining the location licence from government authorities and the Hak Guna Bangunan certificate being issued in respect of the land, upon which the land will have an extendable lease of 30 years. We are pleased to announce that the proposed acquisition was completed in FY2019.

Renewal of Franchise Rights

In FY2019, the Group entered into an agreement with the franchisor for the renewal of Swensen's' master franchise

rights for a further period of 20 years. This will enable us to strengthen the Swensen's brand into the coming decades.

Dividend

In view of the Group's performance this year, the Board is proposing a final tax exempt (1-tier) cash dividend of 1.0 Singapore cent per share for FY2019 to be approved by shareholders at the upcoming Annual General Meeting. With the interim dividend of 0.5 Singapore cent per share, the total dividend payout for the year amounts to 1.5 Singapore cents per share.

Outlook

At the time of writing our message, the Group is facing potentially severe challenges and uncertainties arising from the COVID-19 pandemic. We have closed our Malaysian operations following the implementation of the Malaysian government's virus containment measures. Singapore's own containment and social distancing measures have affected our business in Singapore though the government's Resilience Budget and support from landlords will help mitigate some of the extreme adverse consequences.

The outlook for 2020 and beyond is as yet unsure and management is unable to estimate the financial impact of the COVID-19 outbreak, but we will continue to place the health and welfare of our employees and community above all else.

During this uncertain time, we will focus on reviewing our operations to improve efficiency and cost controls so that we will be ready to take advantage of the future turnaround in our industry.

Plans for development are underway for some of our property investments. The Group does not expect any material contribution from this business in the next 12 months. We will continue to explore investment opportunities in the region to develop our property business.

Acknowledgements

To our fellow Directors, we would like to express our heartfelt gratitude for your invaluable guidance and stewardship that have navigated the Group through its challenges and created 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

FINANCIAL HIGHLIGHTS

For the Year ($'000)

	FY2019	FY2018	Change
Revenue	**121,133**	125,004	(3.1%)
Profit Before Tax	**3,008**	3,990	(24.6%)
Profit for the Year	**2,405**	3,225	(25.4%)
Profit Attributable to Owners of the Company	**1,973**	2,666	(26.0%)

At Year End ($'000)

	FY2019	FY2018	Change
Total Assets	**157,679**	126,017	25.1%*
Equity Attributable to Owners of the Company	**94,256**	96,382	(2.2%)
Total Equity	**98,466**	100,171	(1.7%)
Total Liabilities	**59,213**	25,846	n.m.*
Fixed Deposits, Cash and Bank Balances	**45,985**	49,310	(6.7%)

* Increase was due to the recognition of Right-of-Use Assets and Lease Liabilities arising from the adoption of SFRS(I) 16 - Leases on 1 January 2019

Earnings per Share

FY2019	FY2018
Basic : 0.98 cents	Basic : 1.33 cents
Diluted : 0.98 cents	Diluted : 1.33 cents

Dividend per Share

FY2019	FY2018
Interim : 0.5 cents	Interim : 1.0 cent
Final : 1.0 cent	Final : 1.5 cents

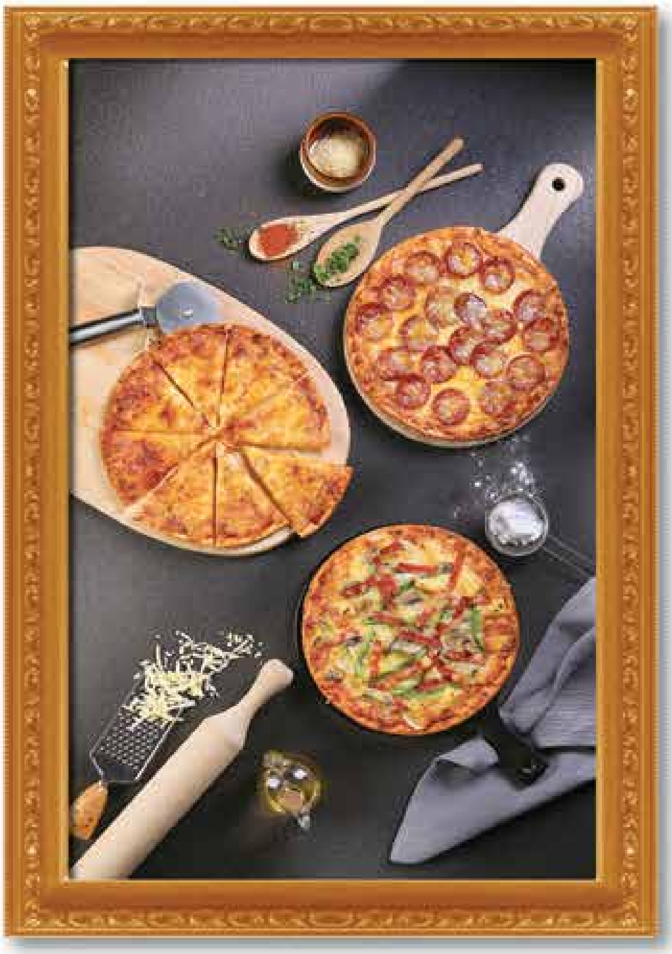
Net Asset Value per Share

FY2019	FY2018
46.9 cents	48.0 cents

OPERATIONS REVIEW
Singapore

Swensen's and Earle Swensen's

The delicious heritage of Earle Swensen's traditional ice cream shoppe was brought from San Francisco to Singapore in 1979. Since Swensen's opened its first outlet at Thomson Plaza four decades ago, the restaurant chain has retained its signature family charm and continues to be the home of wonderful memories from one generation to the next. Just about every Singaporean, young and old, has shared laughter with family and friends over a celebratory meal or a mouthwatering ice cream sundae in the warm ambience of a Swensen's restaurant.



Over the years, more than 180 flavours of Swensen's ice cream have been created and Swensen's has expanded to 23 full-service restaurants serving an all-day menu of food and ice cream creations. Its popular sister restaurant, Earle Swensen's, currently has two outlets that appeal to health-conscious patrons with an abundant salad bar, chargrilled meats and other entrées featuring seasonal ingredients, as well as a unique selection of gelato flavours.

Celebrating 40 Years of Delectable Success

In 2019, Swensen's celebrated its 40th anniversary with much fanfare and a slew of marketing initiatives aptly themed #Swensens40ShiokYears.

To reward our customers, we ran a mega lucky draw from 1 July to 30 November 2019 comprising 22 weekly draws. A whopping 1,016 winners took home cash prizes and dining vouchers worth S$200,000. Winners were announced every week during the lucky draw period and much hype was generated for the business.

Every S$20 spent at both Swensen's and Earle Swensen's restaurants entitled a customer to one lucky draw entry. Entries were accorded to customers automatically based on their spending after they signed up with Swensen's Cool Rewards Membership programme via the Swensen's mobile app. The lucky draw entry process was hassle-free and customers could view their number of lucky draw entries as well as winnings in real time using the mobile app.

The lucky draw attracted a large number of new members and at the end of FY2019, Swensen's membership base grew by over 30% compared with that at the beginning of the year. The membership base expansion was an affirmation that we were employing the right strategies in recognising the importance of customer loyalty. Swensen's mobile app also serves as a cost-effective platform for the Group to cross sell its other F&B brands to a targeted customer base.

Rejuvenated Menus

Menus at Swensen's and Earle Swensen's were rejuvenated with a curated selection of new dishes and desserts. In August 2019, Swensen's became the first family restaurant chain in Singapore to introduce IMPOSSIBLE plant-based meat burgers to the mass market at affordable prices, with the option for customers to customise their own IMPOSSIBLE

OPERATIONS REVIEW
Singapore

burgers from over 40 ingredients. Swensen's IMPOSSIBLE burger menu has since enjoyed a huge following.

Marketing Strategies

Interesting thematic food promotions and offers were introduced for both brands to keep customers coming back for more. We collaborated with various synergistic partners to grow our business by leveraging each other's customer bases and services. Swensen's also participated in islandwide campaigns organised by the Health Promotion Board in support of the agency's efforts to promote healthy eating habits among Singaporeans.

Throughout FY2019, various seasonal and festive products were launched at both Swensen's and Earle Swensen's to create interesting fresh offerings to our customers. One such product was an ice cream Swiss roll launched in Q2 during the Ramadan festive period which was well received by customers. With the growing appetite of Singaporeans to order food online, Swensen's food delivery business grew strongly in FY2019, in collaboration with partners who provided their platforms for us to reach out to an unprecedented number of new customers who were converted to repeat purchasers.

Branding and Public Relations Initiatives

A branding exercise was launched in Q3 FY2019 to reinforce the Swensen's brand as a well-loved family restaurant chain that many of us in Singapore have grown up with over the years. The theme #SwensensSpecialMoments was used in a series of videos to tell the stories of how Swensen's was and will continue to be a part of our customers' family celebrations and memories through the generations.

We actively engaged both social media and traditional media in publicising Swensen's and Earle Swensen's offerings and promoting both brands in FY2019. Our public relations efforts resulted in many good reviews of our product offerings by the media.

Accolades through Customer Confidence

In recognition of being one of Singapore's leading family restaurants, Swensen's was conferred the Platinum Award by the Reader's Digest Trusted Brand Survey in the Family Restaurant category. This is the 11th year that Swensen's has been credited for its efforts in keeping the brand relevant and trusted by consumers in Singapore.

Swensen's was also voted as one of the best family-friendly restaurants in the Expat Living Readers' Choice Awards 2019.

Leveraging Digital Platforms

E-menus were successfully launched in 10 outlets, which involves the use of an integrated system running on our digital platform. In 2020, E-menus will be progressively launched in all outlets to achieve higher efficiency and enhance service.

We collected and analysed data in order to determine our GHR (Guest Hour Ratio) and implemented this at our front of house with the key objective of improving manpower deployment during different festive periods and time slots.

OPERATIONS REVIEW
Singapore

Moving Forward

Moving forward, Swensen's and Earle Swensen's are banking on technology to further improve customer experience, productivity and footfall in the coming year. The use of digital platforms for food orders, table reservations, deliveries, payments, voucher redemptions, promotions, customer relationship management, communication and customer engagement continues to grow and become increasingly integrated into more facets of our business.

Chilli Padi

Over the past 20 years, Chilli Padi has established itself as Singapore's leading Peranakan cuisine food services company. In addition to the eateries: Chilli Padi Nonya Restaurant at Joo Chiat Place and Chilli Padi Nonya Café at Heng Mui Keng Terrace, we operate multiple catering divisions under the Chilli Padi umbrella including halal certified event catering brand Chilli Api Catering and confinement meal service provider Chilli Padi Confinement.

Year in Review

Over the year, Chilli Padi has been developing its institutional catering arm with considerable success. In 2019, following a successful tender, Chilli Padi's institutional catering arm successfully secured a government contract to operate a cafeteria in a MINDEF campus.

Encouraged by improving sales across all business units, central kitchen capacity was expanded with the conversion of a 2,000 square foot office unit into a packing and production kitchen.

For the third consecutive year, the Group's flagship restaurant Chilli Padi Nonya Restaurant was recognised for its delectable Peranakan fare and awarded 'The Plate' distinction by Michelin Bib Gourmand.

Marketing Strategies

Digital marketing efforts across all of Chilli Padi Group's brands were strengthened in 2019. Social media marketing for Chilli Padi Confinement was particularly eventful with the successful engagement of several high-profile Instagram personalities.

A new e-commerce website was launched for Chilli Padi Confinement, enabling customers to browse products, place orders and make payments online – offering customers convenience while easing manpower pressures internally.

OPERATIONS REVIEW
Singapore

Chilli Padi's dine-in restaurants also sought to strengthen engagement with customers online through partnerships with third-party digital vendors such as Quandoo (online table reservations), Treatsure (in-app "buffet-in-a-box" takeaway orders), and Oddle (islandwide food delivery).

Rejuvenated Menus

The 17th anniversary of the Chilli Api brand was commemorated in September with the launch of an exclusive $17 per pax buffet menu and a range of promotional dishes. The campaign was well received and particular promotional items such as the 8-inch Kueh Sarlart dessert became permanent additions to Chilli Api's menu.

As part of ongoing sustainability efforts, dishes featuring plant-based meat substitute, IMPOSSIBLE, were introduced across all business units, and proved particularly successful among corporate clients of our institutional catering arm.

Reinforced Health & Safety Standards

Internal safety standards were reinforced with the recruitment of two additional Food Hygiene and Safety Officers to monitor the day-to-day procurement, production and logistics processes and to analyse and implement best practices according to global standards.

Eco-sustainability Efforts

As a food services company, we recognise the knock-on effects of our decisions on food production and food waste management. Since June 2018, food trimmings from Chilli Padi's institutional catering (cafeteria) operations have been collected and processed through our onsite biodigester to produce gardening compost. The compost produced is in turn donated to schools in our community to support their horticultural projects. In 2019, over 1.5 tonnes of food waste were composted for an output of approximately 1,023 kg of gardening compost.

The Forthcoming Year

In the forthcoming year, Chilli Padi Group's institutional cafeteria outlets will be exploring a Radio Frequency Identification (RFID) payment system to expedite cashier process flow and ease pressures on manpower. Further digitisation plans are also underway for other business units.

Encouraged by the performance of Chilli Padi Confinement Catering, we seek to make further inroads into the maternity market in the near future by improving our product offerings tailored to the needs of expectant parents and postpartum mothers.

OPERATIONS REVIEW
Singapore

Tip Top Curry Puffs

Tip Top was first established in 1979 as a single curry puff kiosk nestled in a neighbourhood coffeeshop. From those modest beginnings, Tip Top today boasts a nationwide presence, with outlets situated in eight strategic locations across Singapore. The year 2019 marked 40 years of Singaporeans enjoying our famous puffs. Handmade from our proprietary blend of 18 spices, filled with premium potatoes and high quality ingredients, and encased in our signature pastry, every bite of a Tip Top curry puff is to be savoured.

Year in Review

In commemoration of our 40 year anniversary and to thank customers for their longstanding support, Tip Top carried out a range of promotional activities including a limited time offer of $1 for select puffs, snack items, coffee and tea at selected outlets.

Throughout the year, customers were treated to a range of inventive new products such as 'Durian Bombs', 'Chempedak Bombs', and Satay Chicken Sausage, in addition to our standard selection of traditional snacks and pastries.

Further marketing initiatives included the Changi Love SG campaign, a trial of the Waitrr mobile food ordering app at Changi Airport T3, and a promotion on Klook, a travel activities and services booking platform.

We continued to tap into the upward trend in food deliveries in Singapore and expand on our success with online orders by launching a new partnership with GrabFood in July 2019,

allowing customers an extra platform in addition to existing food delivery partners: FoodPanda and Deliveroo.

On the recruitment front, Tip Top participated in the AGB Community Career and Learning Fair in August and hosted a Job Experiential Day to interested job seekers to provide insight into our operations and career prospects.

The Coming Year

In the coming year, Tip Top seeks to expand our reach into areas currently not covered by existing outlets. Encouraged by the operational efficiencies achieved during 2019, further plans are underway to enhance service delivery through staff training on sales techniques, customer service and product knowledge.

OPERATIONS REVIEW
Malaysia

Year in Review
Despite challenging market conditions in 2019, our Malaysian operations, comprising Season Confectionary & Bakery, Season's Cafe, and Swensen's (Malaysia), managed to maintain healthy sales and the business development initiatives we executed throughout the year were well received.

The Coming Year
In view of the past year's performance, we will steer our Malaysian brands through these uncertain waters by focusing on our key strengths and implementing tried-and-tested marketing strategies.

It remains a key priority for the Group to invest in human resources and ensure that our employees are well trained both in terms of product knowledge and service delivery. Further, investing in new machinery and refining workflow processes will be instrumental in improving productivity and efficiency.

Season Confectionary and Bakery

Season Confectionary & Bakery is famed in Malaysia for our selection of freshly baked artisanal cakes, bread and pastries including our iconic Season mooncakes. With a history of traditional baking that began in 1975, Season's exquisite confectionary creations are now available in over 20 boutique bakeries across Johor Bahru.

Successful Expansion
In 2019, Season Confectionary launched two new outlets at R&F Mall and Toppen Shopping Centre, and reopened franchise outlets at Taman University and Taman Gaya. Opening promotions offering substantial discounts on cakes and breads generated significant excitement among customers.

A revamp of three outlets to feature more contemporary interior design refreshed our brand's appeal and was successful in increasing footfall to the respective outlets.

Fresh Flavours
Throughout the year, we continued efforts into researching consumer tastes and developing new products. The year saw regular releases of new varieties of buns, cakes, cookies and mooncakes.

Promotional Activities
Vigorous branding and promotional campaigns were executed to maintain market share amid growing competition. These included monthly promotions and product launches, discount voucher giveaways, distribution of our Season Confectionary 2019 calendar, distribution of leaflets and targeted advertising on social media to publicise our promotions.

Following our yearly practice of organising festive promotions, our annual Mooncake Festival lucky draw attracted particular fanfare this year as it featured a car giveaway as the grand prize.

OPERATIONS REVIEW
Malaysia

Season's Café

Season's Café offers quality local and Western cuisine at affordable prices in a fun and casual family-friendly setting. Most of our cafes also offer a wide selection of cakes from Season Confectionary & Bakery.

Promotional Activities

In the year under review, Season's Café rejuvenated menus and refreshed dish presentation. Thus, the focus of marketing campaigns remained on promotional campaigns such as purchase-with-purchase offers, partnerships with our retail landlord and credit card merchants.

In keeping with our mission to create a family-friendly dining experience, new varieties of ice cream cakes featuring beloved Disney characters were launched and diners also enjoyed a discount on our famous mega-sized Giant Earthquake sundae on Tuesdays. On weekends, a carnival atmosphere was created with the distribution of balloons to customers dining with children, much to the delight of the entire family.

By tailoring our menu to suit the needs of different market segments and having a regular roster of promotions, Season's Cafe's foray into catering continued to receive encouraging results.

OPERATIONS REVIEW
Malaysia

Swensen's Malaysia

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

Strategic Rebranding

Rebranding exercises throughout the year, such as the conversion of the Earle Swensen's at Komtar JBCC shopping mall into a Swensen's restaurant, were successful in attracting more customers and increasing per head spend.

Promotional Activities and Looking to the Future

Throughout the year, set meal promotions and festive offers proved successful in fostering customer loyalty and encouraging patrons to return. Encouraged by the positive performance of our promotional campaigns and strategic pivot, we expect to be able to further increase the brand equity of our Malaysian businesses.

SUSTAINABILITY REPORT

1 Board Statement

Welcome to ABR's Sustainability Report for FY2019. At ABR, we believe that sustainable business practices build resilience and allow us to achieve long term growth. This report provides information on the areas in which we believe we have the most impact environmentally, socially, and in terms of governance (ESG).

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

We are delighted to share our year's sustainability journey with you through this report. We would also like to take this opportunity to extend our thanks to stakeholders and every member of our staff and community who have been an integral part of the journey. Encouraged by our progress so far, and with our longer-term sustainability goals in mind, we will continue to work towards strengthening our capabilities, creating meaningful value for stakeholders and being a contributing member of our community.

2 About this Report

This report describes the sustainability performance of ABR for FY2019 and forms part of ABR's Annual Report 2019.

Reporting Period
01 January 2019 to 31 December 2019

Reporting Framework
This report has been prepared with reference to the Global Reporting Initiative (GRI) Standards (2016) and the constituent GRI Reporting Standards were considered.

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

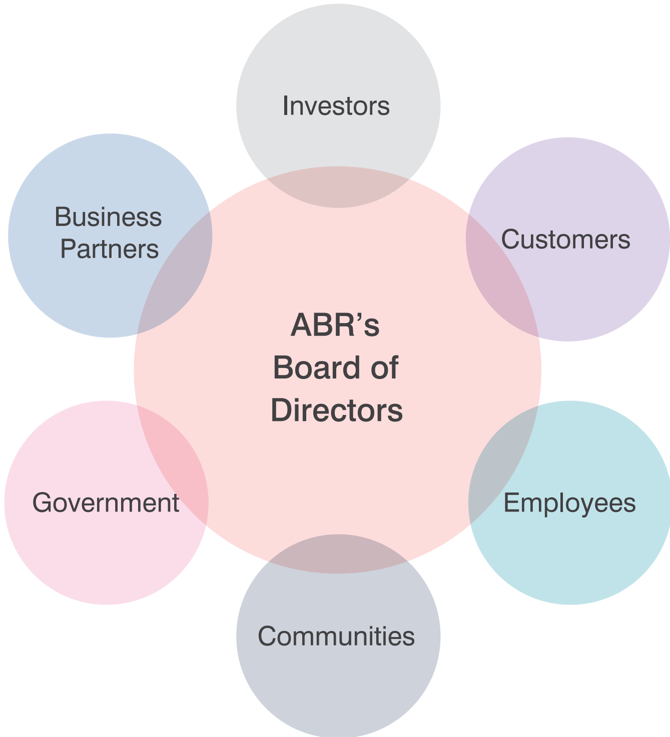
3 Sustainability Governance at ABR

Board	Sets the direction and approach, and oversees performance in terms of sustainability.
Sustainability Steering Committee	Comprises senior management personnel who monitor and manage our sustainability practices and 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

4 Stakeholder Communication

As one of the market leaders in Singapore's casual dining category, we recognise that our operations and industry-standing both influence and are influenced by a diverse group of stakeholders. Effective collaboration with stakeholders, both internal and external, is key to successfully tackling sustainability issues and improving business practices. Through proactive engagement with our stakeholders, we have identified the ESG factors most relevant to us and evaluated the risks and opportunities of various strategies and 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

5 Materiality Assessment

Guided by our independent sustainability consultant, a materiality assessment was conducted in 2017 to identify the key areas in which we have significant ESG impacts.

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 regularly interact with in their roles.

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

6 Material ESG Factors

The six material ESG topics selected in 2017 were reviewed and found to remain relevant in 2019.

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

7 Product Quality and Safety

As the operator of retail restaurants and an ice cream manufacturer, ABR has the obligation to ensure that our food and beverage products are safe for consumption. Internationally recognised food safety management systems ("FSMS") provide an indispensable and actionable framework for mitigating the risk of unsafe food reaching consumers. Adoption of international FSMS and compliance with standards set out by local regulatory boards are thus paramount in ensuring the health and safety of our customers.

Performance 2019	Target 2020
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
All of our outlets obtained an "A" grading from SFA save for one outlet which obtained a "B"	Achieve "A" grading from SFA for all outlets
Achieved and maintained "A" grading for excellence in food hygiene, sanitation and processing from AVA for our ice-cream manufacturing facility	Achieve "A" grading for AVA's annual grading assessment

SUSTAINABILITY REPORT

In 2019, 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 the target set in 2018. We are also pleased to report that we were able to achieve our 2018 target of to maintain Grade A for excellence in food hygiene, sanitation and processing from AVA for our ice-cream manufacturing facility. We hope to maintain these achievements in the forthcoming year. As one outlet received a "B" grading from the Singapore Food Agency in 2019, we did not meet the target set in this particular area. We will strive to achieve an "A" grade for all outlets in the forthcoming year.

Restaurant Operations	
Singapore Food Agency ("SFA") *Food Safety & Handling*	Grading System for Eating Establishments and Food Stalls Retail food establishments are given a grade by SFA based on the overall hygiene, cleanliness and housekeeping standards of the premises. In 2019, all of our outlets obtained an "A" grading from SFA save for one outlet which obtained a "B" grading. Going forward, we aim to obtain "A" grading from SFA for all outlets. Food Hygiene Officer We maintain a team of certified Food Hygiene Officers comprising management chefs who oversee our FSMS and exercise close vigilance and supervision to enforce the highest standards of food safety and premises sanitation.
Majlis Ugama Islam Singapura ("MUIS") *Halal Certification*	All of our restaurants in Singapore are Halal-certified by MUIS, the Islamic Religious Council of Singapore. We conduct 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") *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. 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. In 2018, Swensen's was the first restaurant chain in Singapore to produce and launch a range of ice cream endorsed by HPB for being lower in sugar and a source of dietary fibre. This range of healthier-choice ice creams has become a permanent fixture on our menus and was available to customers at all Swensen's outlets island wide in 2019.

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. An FSMS based on HACCP has been in place 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. 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 applicable standards set by the local authorities.
MUIS *Halal Certification*	Our ice cream products have been Halal certified by MUIS 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") *Annual Grading Assessment*	In 2019, we achieved and maintained Grade A for excellence in food hygiene, sanitation and processing. We target to continue maintaining Grade A for AVA's annual grading assessment.

SUSTAINABILITY REPORT

8 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 developing a skilled and passionate team is key to maintaining our competitive advantage. We are committed to providing quality jobs with meaningful work. We aim to foster conducive work environments, supported by a healthy management system, where all employees are valued, empowered, and fulfil their potential.

Our human resource strategies and policies are framed to enhance our company's and employees' productivity and growth. The guiding policies and procedures with respect to hiring, learning and development, code of conduct and employment benefits are set out in our Employee Handbook.

During the year, 653 new employees joined us and 584 employees left us. Our average monthly turnover rate was 2.76%. Our 2019 target was to maintain employee average monthly turnover rate below the national industry average, which we achieved as the Ministry of Manpower's F&B Benchmarking turnover rate was 3.83%[1]. In 2020, we aim to maintain employee average monthly turnover rate below the national industry average.

Performance 2019	Target 2020
Employee average monthly turnover rate was 2.76%	Maintain employee average monthly turnover rate below the national industry average

Recruitment

ABR recruits staff members who share our vision and values through various avenues, such as our employee referral programme, online job portals and recruitment fairs by government agencies and educational institutions.

In 2019, ABR participated in eight recruitment fairs involving a variety of government agencies, tertiary education institutions and in-house recruitment exercises.

Some of the organisations we worked closely with include the Ministry of Defence (MINDEF), Ministry of Home Affairs (MHA), AGB Education, Kaki Bukit Job Hub, WSG (Workforce Singapore), Singapore Corporation of Rehabilitative Enterprises (SCORE), Community Development Council (CDC) and Crest Secondary School.

Policies & Initiatives

'Fitness Inspiring Tuesday' (F.I.T.)

In conjunction with our participation in the SME Health+ Programme for cost-effective and impactful health programmes for employees, the F.I.T. programme was launched in 2019, featuring a regular roster of aerobic exercises.

Charitable Donation Drives

To foster charitable giving and the spirit of philanthropy among staff, donation drives are organised in collaboration with social welfare organisations such as Metta Welfare Association and Movement for the Intellectually Disabled Singapore (MINDS).

During the year, over 500 items of preloved clothing, accessories, toys and gadgets were donated by staff for resale by a thrift store managed by MINDS trainees. All sales revenue from the thrift store are paid to the trainees as allowance.

Awards

NS Advocate Award

In recognition of our support of Total Defence and National Service, we received the NS Advocate Award for Large Companies at the Total Defence Awards Dinner held in October 2019. NS Advocate Award is the highest accolade conferred on businesses, organisations and individuals.

[1] *Source: Labour Market Survey, Manpower Research & Statistics Department, Ministry of Manpower (2019).*

SUSTAINABILITY REPORT

Training and Development

The evolving industry environment and the growth needs of our organisation necessitate investment in our human capital. Training and development programmes not only boost performance at both the individual and organisational levels, but also strengthen staff commitment to the company.

Management Training	Quarterly Middle Management Workshops In 2019, quarterly management workshops were introduced to enhance the skillsets of our middle managers. Full day sessions were conducted involving topical service training, detailed target setting, collective topical deep dives, data analysis training and accountability partnerships. Corporate Mentorship Programme High performing members of our senior middle management team were identified and appointed to form a mentor team to coach and guide underperforming outlets on how to achieve budgets.
Food Safety Training	Production, kitchen and service staff members are equipped with the necessary knowledge and skills in food safety and hygiene through our food safety training programme. The content of the programme is continuously reviewed and updated.
Talent Recognition	At ABR, we adopt a strategic reward system to recognise the contributions of high performing and long serving staff. Our Long Service Award Ceremony is held annually to recognise and show our appreciation to and celebrate the career milestones of our long serving employees. It was most recently held in April 2019 and a total of 81 employees were celebrated. In 2019, following an internal round of nominations, a total of 85, 30 and 6 Swensen's staff members were recognised in the Silver, Gold and Star categories of the Restaurant Association of Singapore (RAS) Epicurean Star Awards. Of them, our Assistant Restaurant Manager at Parkway Parade, Mr Fabiane Anak Philip Minggu, was shortlisted as a 'Superstar Nominee' and was recognised onstage at the Epicurean Star Awards event held in November.
Performance Appraisal	In 2019, all eligible employees received an annual performance appraisal, which evaluated past performances and assessed areas for improvement. In 2020, we will continue providing all eligible employees with an annual performance appraisal.

Diversity and Equal Opportunity

At ABR, we believe that the variety of perspectives and insights provided by a diverse workforce benefits innovation and productivity. We actively 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 the Singapore Corporation of Rehabilitative Enterprises (SCORE), Delta Senior School and Metta School to provide training and employment opportunities for their beneficiaries. Equal opportunity is a guiding principle at ABR and policies are in place to ensure fair and merit-based employment and job progression.

Occupational Health and Safety

Given nature of our industry, certain staff members are in roles and work in environments which pose mild to moderate health or safety risks. We are committed to addressing and mitigating these risks to create a workplace free from severe mishaps. 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 is received by employees; and
- Forming and maintaining a Fire Committee to execute a systematic and orderly evacuation plan and conducting regular fire drills at Swensen's restaurants.

Performance 2019	Target 2020
Zero workplace injuries resulting in a fatality or permanent disability	Zero workplace injuries resulting in a fatality or permanent disability

We are pleased to report that our policies on occupational health and safety have remained effective and there were no workplace injuries resulting in a fatality or permanent injury in 2019, meeting the target set in the previous year. We will strive to achieve this target once again in the forthcoming year.

SUSTAINABILITY REPORT

9 Responsible Sourcing

Performance 2019	Target 2020
Major suppliers screened using our vendor evaluation form	Continue screening major suppliers using our vender evaluation form

Supplier Assessment

Supply chain assessments are crucial in ensuring that only ingredients of optimal quality are sourced and used in the production and preparation of our products. 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.

Suppliers are selected after stringent assessments for product quality. All current and prospective suppliers are required to complete our vendor evaluation form. Suppliers are required to make formal declarations and provide supporting documents to confirm that they comply with the various requirements in health and safety, and product quality. Requirements include ISO 9002, HACCP and Halal certification where appropriate. In addition, where applicable, it is compulsory for relevant suppliers to provide AVA importation certificates. Selected suppliers continue to be monitored and assessed on an ongoing basis.

Further, our supply chain management teams regularly conduct onsite inspections of the production facilities of key suppliers to ensure they fulfil our standards. We are conscious of the importance 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 2019. This remains our target 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.

Plant-based Meat Alternative

Locally and abroad, concerns on climate change and the sustainability of traditional agricultural methods have captured the attention of policy makers, corporations and consumers alike. Here at ABR, we have taken practical steps to reduce the environmental footprint of our products by sourcing for plant-based alternatives. In August 2019, Swensen's became the first family restaurant chain in Singapore to introduce a range of plant-based 'beef' burgers. With patties made from IMPOSSIBLE Foods' soy protein 'ground beef', such plant-based burgers require 96% less land, 87% less fresh water, and generate 89% fewer greenhouse gas emissions compared to traditional beef burgers[2]. By offering products made from sustainable alternatives, with the same great quality and taste, we seek to empower our customers to make climate-conscious food choices.

[2] *Rockefeller Foundation-Lancet Commission on Planetary Health, United Nations Framework Convention on Climate Change (2019)*

10 Waste Management

Performance 2019	Target 2020
24.03% of total cooking oil recycled	Maintain the percentage of total cooking oil used for recycling

At ABR, we are conscious of our impact on the environment and strive toward efficient management of our resources. To this end, effective waste management not only lowers operating costs, but crucially, allows us to minimise our environmental footprint. Our waste management approach is to reduce waste generation from our operations and to encourage recycling and composting efforts where feasible. Our used cooking oil is sold to an external contractor for processing into biodiesel and other commercial products. In 2019, 47,582 kg of used cooking oil was recycled, accounting for 24.03% of total cooking oil. This percentage falls below our previously set target of 26%. However, encouraged by the progress of this initiative over the past 3 years, we aim to maintain or exceed this percentage for the forthcoming year.

SUSTAINABILITY REPORT

11 Corporate Compliance

Performance 2019	Target 2020
Zero incidents of significant fines or nonmonetary sanctions for non-compliance with laws and regulations	Zero incidents of significant fines or nonmonetary sanctions for non-compliance with laws and regulations

Businesses exist and grow with the mandate of the community within which they operate. Maintaining public trust is therefore of utmost priority to any company. At ABR, we are committed to upholding high ethical standards and integrity in our operations, and 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 steps 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 Conflict 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 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. There were no incidents of significant fines or non-monetary sanctions for non-compliance with applicable laws and regulations in 2019, allowing us to meet the target set in 2018. Moving forward, ABR is committed to maintaining 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 or non-monetary sanctions for non-compliance with laws and regulations.

12 Community Engagement

Performance 2019	Target 2020
Engaged in 31 community projects and charities	Engage in 30 or more community projects and charities

Owing to our size and market position, we recognise that our business operations bear impact on the communities in which we operate. Where possible, we try to anticipate and avoid creating negative impact on our local community. Contemporaneously, we continually engage in and initiate projects which create tangible and meaningful outcomes for our community. At ABR, we believe in giving back, and our charitable efforts have contributed to our success over the years.

We partner with various organisations, including government bodies, and registered charities, to address a variety of concerns facing our community. Based on the three fundamental pillars of our community engagement, which are People with Disabilities, Children and Youth, and Families, we have continued to expand our community engagement efforts in 2019. Please refer to the "Corporate Social Responsibility" section of this Annual Report for more details on these activities. We were involved in 31 community projects in 2019, achieving our target. For the forthcoming year, we seek to maintain our level of involvement in the community and participate in 30 or more community projects and charities.

CORPORATE SOCIAL RESPONSIBILITY

Community Care Engagements of ABR in 2019

Daughters Of Tomorrow

Daughters of Tomorrow ("DOT") empowers women from low-income backgrounds to attain regular and sustained employment through confidence building, skills-upgrading and mentorship programmes.

ABR collaborated with DOT for its Inclusive Table programme in 2019. The Inclusive Table programme aims to provide the families of DOT beneficiaries who have been successfully bridged into employment with a dining experience that they would not normally be able to afford. As a restaurant partner of the programme, we sponsored celebratory meals at Swensen's for four families of DOT beneficiaries in 2019.

Tan Tock Seng Hospital

In 2018, ABR began regular donations of ice cream to patients under the care of the Tan Tock Seng Hospital's ("TTSH") Palliative Care team. These patients are diagnosed with life-limiting illnesses such as advanced cancers and organ failures and 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. Our ice cream donations to TTSH continued in 2019.

AWWA School

AWWA School provides special education to children with multiple disabilities and children with autism from the ages of seven to eighteen years.

In 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. ABR supported the renovation of the school's canteen to provide an F&B training ground as part of AWWA's School Based Attachment Training programme. A Tip Top food kiosk was set up for this purpose with donated furniture and fixtures.

ABR also supported AWWA events with donations of Swensen's ice cream, and provided job placements and job opportunities to the school's current students and graduates.

Association for Persons with Special Needs

In 2019, ABR continued our collaboration with the Association for Persons with Special Needs ("APSN") which started in 2008. ABR was again involved in APSN's Work Experience Programme, through the provision of Swensen's restaurants as venues for real world on-the-job training for Delta Senior School's students aged 16 and above. Graduates from Delta Senior School are also currently employed at Swensen's.

In 2013, ABR worked with Delta Senior School to set up an on-campus Swensen's training café to better prepare students for work by enhancing their employability. In the year under review, ABR continued to render technical support and resources for the training café.

CORPORATE SOCIAL RESPONSIBILITY

Community Care Engagements of ABR in 2019

We also continued with an initiative that we began in 2015 to help APSN fundraise with the placement of APSN donation boxes in Swensen's outlets island wide.

Metta Employment Pathway Programme

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

In 2019, ABR continued our partnership with Metta School for the care of the community through the use of vocational skills, as part of an agreement that is valid till 2020. ABR also continued our sponsorship of the annual Metta Charity Golf Tournament.

Community Development Council

ABR has worked closely with various Career Centres operated by the Community Development Council ("CDC") since 2012 to offer job opportunities to the job seeking individuals in the general public.

Club Rainbow

Club Rainbow's mission is to support and empower children with chronic illnesses and their families. Club Rainbow's services are geared towards helping the entire family in a holistic way. By providing "compassionate relevant services", beneficiaries are able to improve their quality of life and have greater hope for the future.

ABR has been donating Swensen's ice cream birthday cakes to the children of Club Rainbow every month since 2005. In 2019, more than 1,100 cakes were given out. We have also been involved with the annual sponsorship of Club Rainbow's fundraising initiatives since 2013. ABR sponsored ice cream for the charity's Camp Rainbow and Ride For Rainbows events in 2019.

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 for terminally ill members under the care of HCA's Star PALS (Paediatric Advanced Life Support) service since 2013. This good initiative was continued in 2019. ABR also sponsored ice cream for the annual HCA Charity Golf Tournament in 2019.

Singapore Corporation of Rehabilitative Enterprises

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 various schemes by SCORE, including Direct Release and Residential Scheme, and participates in SCORE's recruitment interviews held in prisons. We provide professional training and groom these recruits to the best of their potential, while providing motivational encouragement with a clear career path. They are fairly accorded the same opportunities and remuneration as other employees, and promotions are based on performance. Ex-offenders have benefited from this initiative as part of our efforts to facilitate their reintegration into society. This initiative was continued in 2019.

Make-A-Wish Foundation

Since 2015, ABR has been a sponsor of The Santa Run for Wishes, which is an annual fundraising initiative organised by the Make-A-Wish Foundation which brings people from all walks of life together through a fun run. Once again, we contributed ice cream to the event.

We also continued to sponsor ice cream for the Make-A-Wish Charity Golf event in 2019. In addition, we sponsored meals for two of the foundation's beneficiaries and their families as part of the foundation's mission to fulfil the wishes of critically-ill patients.

The Purple Parade

For the fifth year, we continued our sponsorship of Swensen's ice cream for The Purple Parade, an annual street parade which is held in support of inclusion and to celebrate the abilities of persons with special needs.

NorthLight School

NorthLight School aims to provide an engaging education for youths and prepare them for lifelong learning and employability. In 2019, our Swensen's Changi Airport Terminal 2 outlet continued to be used as a training ground, as part of NorthLight School's job attachment programme organised by Changi Foundation in support of the school's students in their journey towards work readiness. The annual programme offers students a short but meaningful five-day work programme. Swensen's has been an active participant in this initiative since 2016. In 2019, ABR expanded our support to offer job placements to graduates of NorthLight School.

BOARD OF DIRECTORS

Front row from left to right:

ANG YEE LIM

CHUA TIANG CHOON, KEITH

QUEK MONG HUA

Back row from left to right:

ANG LIAN SENG

ALLAN CHUA TIANG KWANG

LECK KIM SENG

LIM JEN HOWE

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 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.

Mr Ang was re-elected as a director on 25 April 2019.

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 director on 25 April 2019.

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 25 April 2019.

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 25 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.

TEO TONG LOONG
Group Business Development Director | ABR Holdings Limited

Mr Teo Tong Loong oversees the business development functions of the Group.

Prior to joining the Company in March 2019, he was involved in consulting projects with focuses in strategy, IT transformation & data analytics.

Mr Teo holds a Bachelor of Science in Accountancy and Finance from the University of London.

NG CHENG WEE
General Manager, Swensen's | 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 overseeing franchisee 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 organisational set up in Singapore and Malaysia from 2006 to 2009 before rejoining ABR in 2009 as Operations Manager.

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

LIEW HOCK MENG
Executive Chef | ABR Holdings Limited

Mr Liew Hock Meng is responsible for menu creation, menu engineering, kitchen workflow design as well as overseeing franchisee 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 rejoining 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 15 years of experience with various F&B chains.

LECK KIM SONG
Group General Manager | Season Group

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.

Mr Leck 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. Her love for the intricacies of Peranakan culture and passion for cooking spurred her to establish the first Chilli Padi eatery in 1997. Since then, she has grown and expanded the business into event catering, confinement meal delivery and institutional cafeteria management.

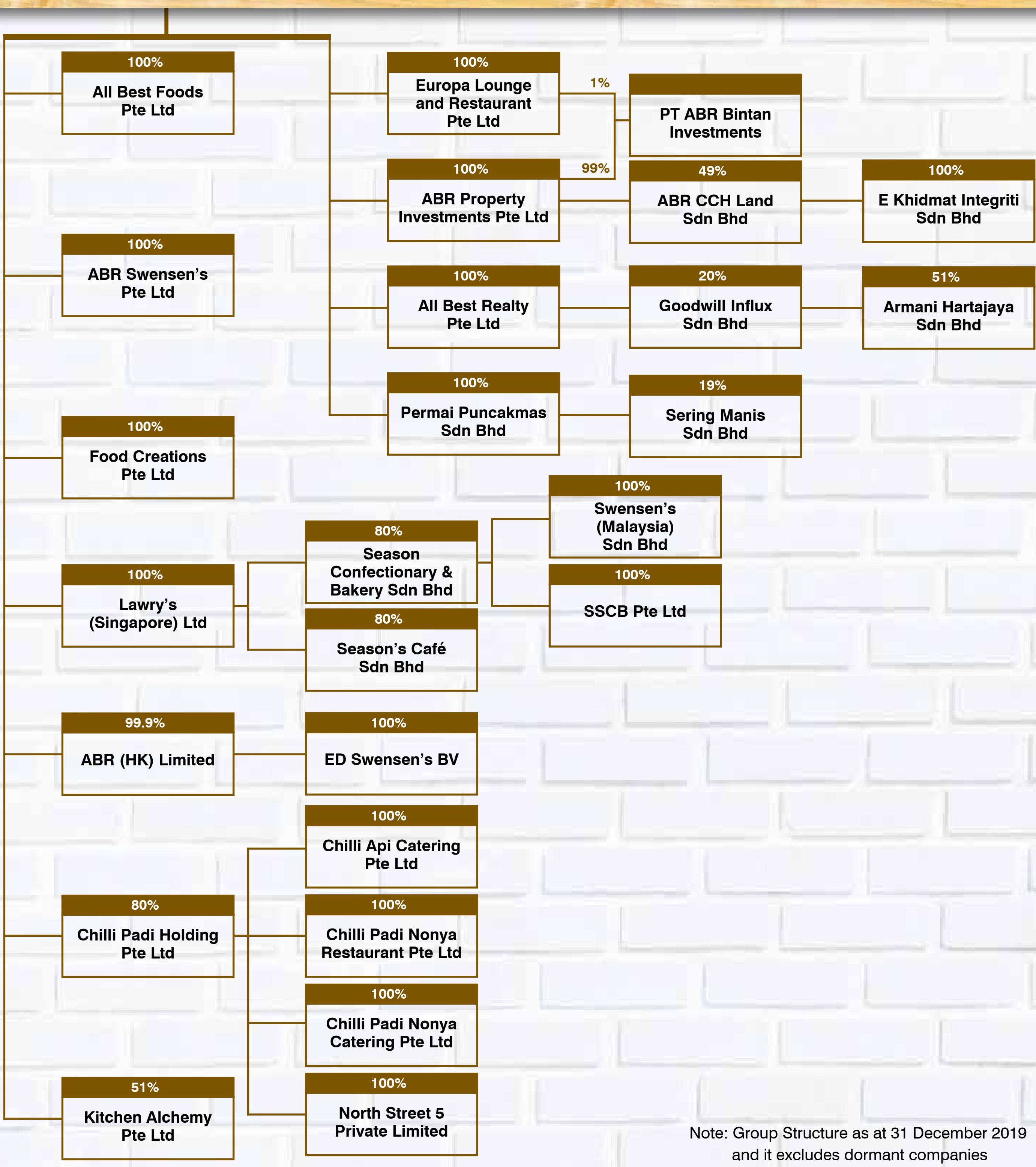
LEE BOON HWA
Executive Director | Chilli Padi Group

Mr Lee Boon Hwa is responsible for the 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



Note: Group Structure as at 31 December 2019 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
(Resigned on 10 March 2020)
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

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REPORT ON CORPORATE GOVERNANCE

The Board of Directors of ABR Holdings Limited (the "Company") is committed to maintaining good standards of corporate governance to promote corporate transparency and to enhance shareholder value. To achieve this, the Company has applied the principles and provisions of the Code of Corporate Governance 2018 (the "Code"). Where there is any deviation from the Code, appropriate explanations are provided on each area of non-compliance and how the Company's practices are consistent with the aim and philosophy of the Principle in question.

BOARD MATTERS

Principle 1 – The Board's Conduct of Affairs

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

The Board is collectively responsible for providing overall strategy and direction to the Management and the Group. Directors act in the best interests of the Company and through the Board's leadership, the Group's businesses are able to achieve sustainable and successful performance. The Board has put in place ethics policies within the Group, which set out a code of conduct and ethical standards for Directors and staff to adhere to.

The principal functions of the Board are as follows:

- 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.

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.

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.

The Board has a set of practices which sets out approval limits for capital expenditure, investments and divestments, bank borrowings, share issuance, dividends and cheque signatories' arrangements.

To assist the Board in discharging its duties and functions, the Board is assisted by three Board sub-committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of the AC, NC and RC has been constituted with terms of reference setting out their composition, authorities and duties approved by the Board and may recommend or decide on matters within its terms of reference. The names of the committee members, the terms of reference, any delegation of the Board's authority to make decisions, and a summary of each committee's activities, are disclosed in the Company's annual report.

REPORT ON CORPORATE GOVERNANCE

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	2	2
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	3	NA	NA	NA	NA	NA	NA
Allan Chua Tiang Kwang	5	5	7	7	NA	NA	NA	NA
Quek Mong Hua	5	4	7	6	1	1	2	2
Lim Jen Howe	5	5	7	7	1	1	2	2

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 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.

Principle 2 – Board Composition and Guidance

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

The Board 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.

The NC reviews annually whether a Director or potential candidate for the Board is considered an independent director bearing in mind the Code's definition of an "independent director" and guidance as to the relationships, the existence of which would deem a Director not to be independent (Principle 2). Under the Code, an independent director is one who is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers, that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company. Under the SGX-ST Listing Manual, a Director will not be deemed independent if he is employed by the Company or its related corporations for the current or any of the past three financial years, or if he has an immediate family member who is employed or has been employed by the Company or its related corporations for the past three financial years, and whose remuneration is determined by the Company's Remuneration Committee.

Each of the Independent Directors has confirmed that he does not have any relationship with the Company or its related corporations, its substantial shareholders who have an interest of at least 5% of the Company's total voting shares, or its officers, including confirming not having any relationships and circumstances set out in 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 have 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.

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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.

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 NC and the Board are 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.

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 and/or Independent 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 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

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

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 require 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

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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 Meeting ("AGM") 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

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

Nominating Committee

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 their duties and responsibilities. The NC's principal functions are as follows:

- to make recommendations to the Board on all Board appointments having regard to the Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation, candour and any other salient factors);
- to make recommendations to the Board on all new Board appointments, having regard to his/her experience and background;
- to determine annually whether a Director is independent, bearing in mind the guidelines set out in the Code;
- deciding on how the Board's performance may be evaluated and propose objective performance criteria to the Board;
- assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
- reviewing of structure, composition and size of the Board;
- reviewing board succession plans for Directors, in particular, the Chairman, the Chief Executive Officer and key management personnel; and
- reviewing training and professional development programs 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 and mix of skills, knowledge and experience of the Board and, in light of such evaluation and in consultation with the 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 Board;
- 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.

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:

- Chua Tiang Choon, Keith
- Leck Kim Seng

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.

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The NC ensures that all new directors are aware of their duties and obligations. 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 organisation 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 the year. 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, the 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.

Principle 5 – Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board Committees and individual Directors.

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 and its Board Committees 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 – Procedures for Developing Remuneration Policies

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

<u>Remuneration Committee</u>

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 commensurate with the responsibilities and risks involved in being an effective Executive Director. No Director is involved in deciding his or her own remuneration.

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

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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.

The RC has specific written Terms of Reference setting out their duties and responsibilities. The RC will meet at least once a year.

The RC's principal functions are as follows:

- review and to 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 that 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 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.

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.

Principle 7 - Level and Mix of Remuneration

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

Non-Executive Directors are paid a fixed fee appropriate to the level of contribution, taking into account factors such as effort, time spent and the increasingly onerous responsibilities. The Board concurred with the RC's proposal for Non-Executive Directors' fees for FY2019.

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.

A significant and appropriate proportion of executive directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

The Company ensures that the remuneration for Directors and key management personnel is appropriate to attract, retain and motivate them for the long term success of the Group.

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Principle 8 – Disclosure of Remuneration

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

The remuneration of the Directors and the top 5 key management personnel, who are not Directors of the Company, for FY2019, 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 5 key management personnel has been disclosed in the respective bands. The remuneration for the Executive Directors and the top 5 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 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 5 key management personnel's remuneration for FY2019, are as follows:

Directors	Salary[1] %	Bonus[1] %	Fees[2] %	Allowances and other benefits %	Total %
$250,000 to $500,000					
Chua Tiang Choon, Keith	79	18	–	3	100
Ang Yee Lim	79	18	–	3	100
Ang Lian Seng	81	19	–	–	100
Below $250,000					
Leck Kim Seng	87	13	–	–	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 $500,000					
Lee Siang Choo	100	–	–	–	100
Lee Boon Hwa	100	–	–	–	100
Below $250,000					
Ng Soo Noi	86	14	–	–	100
Leck Kim Song *	71	24	–	5	100
Teo Tong Loong**	80	20	–	–	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 Teo Tong Loong is the son-in-law of the Executive Chairman and Substantial Shareholder, Mr Chua Tiang Choon, Keith; and nephew-in-law of the Non-Executive Director and Substantial Shareholder, Mr Allan Chua Tiang Kwang.*

In aggregate, the total remuneration paid to the top 5 key management personnel in FY2019 is $1,176,743.

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Employees who are the immediate family members of the Directors with remuneration exceeding $100,000 (other than employees under key management personnel) during FY2019 are as follows:

Executives	Salary[1] %	Bonus[1] %	Fees %	Allowances and other benefits %	Total %
From $100,000 to $150,000					
Ang Lian Tiong	86	13	–	1	100
Ang Pheck Choo	86	11	–	3	100

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 FY2019 are subject to shareholders' approval at the forthcoming AGM.

Principle 9 – Risk Management and Internal Controls

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

The Board is responsible for the governance of risk. 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 reviews as well as the annual Control Self-Assessment ("CSA") exercise. 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.

The internal auditors ("IA") performed two internal audit reviews for the financial year ended 31 December 2019 in accordance with the internal audit plan approved by the AC. There were no significant internal control or risk management systems weaknesses highlighted by the IA during its course of audit. The related internal audit reports were endorsed by the AC and provided to the relevant department or business unit to implement the required improvement measures. Implementation of the required improvement measures is monitored.

In addition, no major control and risk weaknesses on financial reporting were 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 and risk management framework 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 satisfied that the risk management and internal controls systems which addresses the Group's financial, operational, compliance and information technology controls risks, during the financial year are adequate and effective.

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The Board has received assurance from:

(a) the Executive Directors and the Group Chief Financial Officer that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Group's operations and finances; and

(b) the Executive Directors and key management personnel that the Group's risk management and internal control systems are adequate and effective.

Principle 10 – Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

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 seven times during the year. The AC met with the internal and external auditors without the presence of Management during FY2019.

The AC is guided by its own written terms of reference setting out its authority and duties. During the financial year, the AC has performed the functions as set out in the Code including the following:

- 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 the 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 makes recommendation to the Board on (i) the proposal to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors. 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.

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 $182,000 for audit services and $56,000 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.

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.

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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.

The AC does not comprises former partners or Directors of the Company's existing audit firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

Internal audit

The Group has outsourced its internal audit function to Yang Lee & Associates, a professional service firm. The key objectives of the internal audit function are as follows:

- review the Group's key business segments in the different territories in which they operate, on a risk-based approach;
- appraise Management and report to the AC concerning the adequacy and effectiveness of the system of internal controls based on a systematic and risk-based internal audit plan; and
- assist the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

The IA reports directly to the AC. An 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 is guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors in carrying out the internal audit review. 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.

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

Principle 11 – Shareholder Rights and Conduct of General Meetings

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

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.

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

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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.

The members of the AC, NC and RC were present together with the external auditor at the last AGM held on 25 April 2019 to address questions raised by shareholders.

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. These minutes are also available to shareholders on the Company's website.

The Company does not have a dividend policy, however the Board takes into account various factors including the following when recommending or declaring the dividend in respect of any particular year or period:

- 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

The Company has proposed a one-tier tax exempt final dividend of 1.00 Singapore cent per ordinary share in respect of FY2019, subject to shareholders' approval at the forthcoming AGM.

Principle 12 – Engagement with shareholders

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

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 ensures that all shareholders are treated fairly by providing all shareholders the same information at the same time. The Company does not practice selective disclosure of information. The Company communicates with shareholders and the investing community through the timely release of announcements via SGXNET. In addition, the Annual Report is distributed to shareholders at least 14 days before the AGM. 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.

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.

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 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.

The Company makes timely disclosure of material and price sensitive information to help investors make informed decisions.

If shareholders have any query on investor relations, they may send the query to enquiries@abr.com.sg.

REPORT ON CORPORATE GOVERNANCE

Principle 13 – Engagement with stakeholders

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

The Company's engagement with all stakeholders is set out in detail in the Sustainability Report published annually in its Annual Report.

The Company maintains a current corporate website, www.abr.com.sg, to communication and engage with stakeholders.

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 transaction is conducted on an arm's length basis and is not prejudicial to the interests of the shareholders.

During FY2019, 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

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Chua Tiang Choon, Keith and Mr Leck Kim Seng are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:-

NAME OF DIRECTOR	MR CHUA TIANG CHOON, KEITH	MR LECK KIM SENG
Date of Appointment	18 February 2002	18 February 2002
Date of last re-appointment	24 April 2017	24 April 2017
Age	66	66
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Chua Tiang Choon, Keith for re-appointment as Executive Chairman of the Company. The Board have reviewed and concluded that Mr Chua Tiang Choon, Keith possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Leck Kim Seng for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Leck Kim Seng possess 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	Executive Jointly responsible with the Managing Director, Mr Ang Yee Lim, to oversee ABR Group's overall business operations in the region, formulate long-term strategies and spearhead the Group's business expansion plans.	Executive Overseeing the Company's operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Executive Director

REPORT ON CORPORATE GOVERNANCE

NAME OF DIRECTOR	MR CHUA TIANG CHOON, KEITH	MR LECK KIM SENG
Professional qualifications	B.B.A. University of Singapore	Bachelor of Commerce, MBA
Working experience and occupation(s) during the past 10 years	Executive Chairman of ABR Holdings Limited	Executive Director of ABR Holdings Limited Has over 20 years of experience in property and resort development in Singapore, Malaysia, Indonesia and the People's Republic of China.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 300,000 ordinary shares Deemed interest: 56,925,858 ordinary shares	Direct interest: 300,000 ordinary shares
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Brother of the Non-Executive Director and Substantial Shareholder, Mr Allan Chua Tiang Kwang. Brother of the Substantial Shareholder, Mr Chua Tiang Chuan. Father-in-law of Mr Teo Tong Loong, Group Business Development Director of ABR Holdings Limited.	Cousin of the Managing Director and Substantial shareholder, Mr Ang Yee Lim. Uncle of the Executive Director, Mr Ang Lian Seng. Brother of Mr Leck Kim Song, Group General Manager of Season Confectionary & Bakery Sdn Bhd.
Conflict of Interest (including any competing business)	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
Other Principal Commitments* Including Directorships#	<u>Past (for the last 5 years)</u> • KJ Coffees Singapore Pte Ltd • Asian Venture Philanthropy Network Limited • Caregivers Alliance Limited	<u>Past (for the last 5 years)</u> Nil

REPORT ON CORPORATE GOVERNANCE

NAME OF DIRECTOR	MR CHUA TIANG CHOON, KEITH	MR LECK KIM SENG
	Present • ABR (HK) Limited • Alby Commercial Enterprises Pte Ltd • Alby (Private) Limited • Bistro Europa Pte Ltd • Cine Art Pictures Pte Ltd • Copycare Music (SEA) Pte Ltd • Crest Travel & Tours Pte Ltd • Europa Entertainment Pte Ltd • Europa Lounge and Restaurant Pte Ltd • Hippopotamus Restaurants Pte Ltd • Europa Specialty Restaurants (S) Pte Ltd • Food Creations Pte Ltd • Gold Gardenia Hairdressing Salon Pte Ltd • J C & T Equities (Pte) Ltd • ABR Property Investments Pte Ltd • Kechapi Pte Ltd • Lawry's PRC Investment Pte Ltd • Lawry's (Singapore) Limited • Lord Security (S) Pte Ltd • Orchard 501 Café Pub Pte Ltd • ABR Swensen's Pte Ltd (fka Pleasuredome Pte Ltd) • Sovereign Books (Singapore) Pte Ltd • Europa Ridley's (1992) Pte Ltd • Swensen's of Singapore (1996) Pte Ltd • Team-Up Investments (HK) Limited • Team-Up Overseas Investment Pte Ltd • T.T.N. Holdings (Pte) Ltd • T.T.N. Realty (Pte) Ltd • Univesters Equity (Pte) Ltd • A.O. Action Love Ltd (fka World Evangelical Fellowship Ltd) • All Best Foods Pte Ltd • The Community Foundation of Singapore • Asia Philanthropic Ventures Pte Ltd • CWR Care and Counselling Asia Ltd • Asoka: Innovators For The Public (Singapore) Limited • Maranatha GJC Holdings Pte Ltd • National Council of Social Service • ABR Land (S) Pte Ltd • ABR Land Australia Pty Ltd • Chilli Api Catering Pte Ltd • Chilli Padi Nonya Catering Pte Ltd • Chilli Padi Nonya Restaurant Pte Ltd • Chilli Padi Holding Pte Ltd • North Street 5 Private Limited • National Heritage Board, NMS Advisory Board • Opportunity International (S) Ltd • Caring For Life Limited	Present • Team-Up Investments (HK) Limited • Win Win Food (Shenzhen) Co., Ltd • ABR Land (S) Pte Ltd

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

These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

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	MR CHUA TIANG CHOON, KEITH	MR LECK KIM SENG
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

REPORT ON CORPORATE GOVERNANCE

NAME OF DIRECTOR	MR CHUA TIANG CHOON, KEITH	MR LECK KIM SENG
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or 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 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 iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	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 2019.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 53 to 133 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Group 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 1.1.2019**	**At 31.12.2019**	**At 21.1.2020**	**At 1.1.2019**	**At 31.12.2019**	**At 21.1.2020**
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	100,877,301	101,159,501	101,159,501	–	–	–
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 2019, 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 1.1.2019	At 31.12.2019
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 2019 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
Director

Ang Yee Lim
Director

30 March 2020

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 53 to 133, which comprise the statements of financial position of the Group and of the Company as at 31 December 2019, 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 2019 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 trademarks

Description of key audit matter:

Management performs an annual impairment assessment of goodwill and trademarks. 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 2019, the carrying values of goodwill and trademarks totalled $13,684,000 (2018: $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 trademarks are disclosed in Note 14 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 2019 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

30 March 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group	
		2019	2018
	Note	$'000	$'000
Revenue	4	**121,133**	125,004
Cost of sales		**(69,424)**	(72,326)
Gross profit		**51,709**	52,678
Other income	5a	**1,822**	1,571
Interest income	5b	**852**	681
Expenses			
Selling, distribution and outlet expenses		**(32,958)**	(33,746)
Administrative expenses		**(16,135)**	(16,242)
Other expenses		**(622)**	(634)
Finance costs	6	**(1,377)**	(120)
Share of results of equity-accounted investees, net of tax		**(283)**	(198)
Profit before tax	7	**3,008**	3,990
Income tax expense	9	**(603)**	(765)
Profit for the year		**2,405**	3,225
Other comprehensive (loss)/income:			
Items that are or may be reclassified subsequently to profit or loss			
Currency translation differences		**(81)**	251
Other comprehensive (loss)/income for the year, net of tax		**(81)**	251
Total comprehensive income for the year		**2,324**	3,476
Profit attributable to:			
Owners of the Company		**1,973**	2,666
Non-controlling interests		**432**	559
Profit for the year		**2,405**	3,225
Total comprehensive income attributable to:			
Owners of the Company		**1,894**	2,917
Non-controlling interests		**430**	559
Total comprehensive income for the year		**2,324**	3,476
Earnings per share for the year attributable to owners of the Company			
Basic (cents)	10	**0.98**	1.33
Diluted (cents)	10	**0.98**	1.33

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**20,329**	22,606	**6,707**	8,006
Right-of-use assets	12	**35,181**	–	**31,060**	–
Investment properties	13	**4,310**	3,007	**927**	964
Intangible assets	14	**16,121**	16,365	**–**	–
Investments in subsidiaries	15	**–**	–	**49,098**	47,988
Interests in equity-accounted investees	16	**18,482**	17,547	**–**	–
Financial asset at FVOCI	17	**35**	35	**35**	35
Loans to subsidiaries	18	**–**	–	**11,066**	10,233
Loans to equity-accounted investees	19	**4,748**	4,245	**–**	–
Other asset	20	**809**	381	**809**	381
Total non-current assets		**100,015**	64,186	**99,702**	67,607
Current assets					
Inventories	21	**2,683**	2,779	**1,512**	1,588
Trade and other receivables	22	**8,996**	9,742	**5,672**	6,181
Fixed deposits	23	**25,986**	28,653	**12,698**	15,745
Cash and bank balances	23	**19,999**	20,657	**4,630**	6,353
Total current assets		**57,664**	61,831	**24,512**	29,867
Total assets		**157,679**	126,017	**124,214**	97,474

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	$'000	$'000	$'000	$'000
EQUITY AND LIABILITIES					
Equity					
Share capital	24	**43,299**	43,299	**43,299**	43,299
Other reserves	25	**(1,617)**	(1,538)	**–**	–
Accumulated profits		**52,574**	54,621	**36,715**	40,120
Equity attributable to owners of the Company		**94,256**	96,382	**80,014**	83,419
Non-controlling interests		**4,210**	3,789	**–**	–
Total equity		**98,466**	100,171	**80,014**	83,419
Non-current liabilities					
Borrowings	29	**–**	321	**–**	–
Lease liabilities	30	**19,375**	–	**17,792**	–
Deferred tax liabilities	26	**2,603**	2,884	**194**	394
Provisions	28	**1,077**	1,121	**705**	702
Other liabilities	31	**3,979**	3,640	**1,267**	1,700
Total non-current liabilities		**27,034**	7,966	**19,958**	2,796
Current liabilities					
Trade and other payables	27	**13,514**	14,936	**9,433**	10,097
Provisions	28	**1,618**	1,588	**1,124**	1,130
Borrowings	29	**276**	380	**–**	–
Lease liabilities	30	**16,006**	–	**13,596**	–
Tax payable		**765**	976	**89**	32
Total current liabilities		**32,179**	17,880	**24,242**	11,259
Total liabilities		**59,213**	25,846	**44,200**	14,055
Total equity and liabilities		**157,679**	126,017	**124,214**	97,474

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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 1.1.2019	100,171	96,382	43,299	(1,538)	54,621	3,789
Profit for the year	2,405	1,973	–	–	1,973	432
Other comprehensive loss						
Currency translation differences	(66)	(64)	–	(64)	–	(2)
Share of other comprehensive loss of equity-accounted investees	(15)	(15)	–	(15)	–	–
Other comprehensive loss for the year, net of tax	(81)	(79)	–	(79)	–	(2)
Total comprehensive income/(loss) for the year	2,324	1,894	–	(79)	1,973	430
Distributions to owners of the Company						
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2018	(3,015)	(3,015)	–	–	(3,015)	–
Tax exempt interim dividend of 0.5 cents per share for the financial year ended 31.12.2019	(1,005)	(1,005)	–	–	(1,005)	–
Dividend paid to non-controlling interests	(9)	–	–	–	–	(9)
Total distributions to owners of the Company	(4,029)	(4,020)	–	–	(4,020)	(9)
Balance at 31.12.2019	**98,466**	**94,256**	**43,299**	**(1,617)**	**52,574**	**4,210**

* An analysis of "Other reserves" is presented in Note 25.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	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 1.1.2018	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 of the Company						
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 25.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Total equity $'000	Share capital $'000	Accumulated profits $'000
Company			
Balance at 1.1.2019	83,419	43,299	40,120
Net profit and total comprehensive income for the year	615	–	615
Tax exempt final dividend of 1.5 cents per share for the financial year ended 31.12.2018	(3,015)	–	(3,015)
Tax exempt interim dividend of 0.5 cents per share for the financial year ended 31.12.2019	(1,005)	–	(1,005)
	(4,020)	–	(4,020)
Balance at 31.12.2019	**80,014**	**43,299**	**36,715**
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group	
		2019	2018
	Note	$'000	$'000
Cash flows from operating activities			
Profit before tax		**3,008**	3,990
Adjustments for:			
Depreciation and amortisation		**22,221**	4,986
Gain on disposal of other investment		**–**	(7)
(Gain)/loss on disposal of property, plant and equipment, net		**(1)**	2
Property, plant and equipment written off		**220**	241
Impairment loss on property, plant and equipment		**103**	160
Reversal of impairment loss on other investment		**–**	(1)
Deemed finance costs		**229**	97
Share of results of equity-accounted investees, net of tax		**283**	198
Fair value gain on call option	20	**(428)**	–
Modification loss on put liability	31	**139**	–
Interest portion on lease liabilities		**1,142**	–
Interest expenses on borrowings		**6**	23
Interest income		**(852)**	(681)
Operating cash flows before movements in working capital		**26,070**	9,008
Changes in working capital:			
Inventories		**96**	(52)
Trade and other receivables		**288**	1,025
Trade and other payables		**(1,400)**	(1,440)
Provisions		**(130)**	194
Currency translation differences		**141**	107
Cash generated from operations		**25,065**	8,842
Income tax paid		**(836)**	(1,176)
Net cash generated from operating activities		**24,229**	7,666
Cash flows from investing activities			
Interest received		**584**	681
Purchase of intangible assets	14	**(223)**	–
Purchase of property, plant and equipment	11	**(2,892)**	(2,200)
Proceeds from disposal of property, plant and equipment		**21**	7
Acquisition of a subsidiary, net of cash acquired	15(iii)	**–**	(8,944)
Deposit refunded for ceased project		**–**	4,050
Deposit paid for new project		**–**	(274)
Payment for acquisition of a land plot	13	**(1,166)**	–
Proceeds from disposal of other investment		**–**	8
Investment in equity-accounted investees	16(b)	**–**	(331)
Loans to equity-accounted investees		**(1,750)**	(3,490)
Net cash used in investing activities		**(5,426)**	(10,493)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000
Cash flows from financing activities			
Interest expenses on borrowings paid		**(6)**	(23)
Interest portion on lease liabilities paid		**(1,142)**	–
Payment of lease liabilities		**(16,746)**	–
(Repayment of)/proceeds from borrowings		**(22)**	559
Funds withdrew from/(placed in) non-liquid deposits		**3**	(3)
Dividends paid to shareholders		**(4,020)**	(5,025)
Dividend paid to non-controlling interests		**(9)**	–
Net cash used in financing activities		**(21,942)**	(4,492)
Net decrease in cash and cash equivalents		**(3,139)**	(7,319)
Cash and cash equivalents at beginning of financial year		**49,183**	56,487
Effect of exchange rate fluctuations on cash and cash equivalents		**(183)**	15
Cash and cash equivalents at end of financial year		**45,861**	49,183
Cash and cash equivalents comprise:			
Fixed deposits		**25,986**	28,653
Cash and bank balances		**19,999**	20,657
		45,985	49,310
Less: Funds placed in non-liquid deposits	23	**(124)**	(127)
		45,861	49,183

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 and principal place of business 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 15 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, loan receivables, 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 the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company except as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards (cont'd)

SFRS(I) 16 *Leases*

When the Group and the Company are the lessee

SFRS(I) 16 replaces the existing SFRS(I) 1-17 *Leases* for financial periods beginning 1 January 2019. 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.

On adoption of SFRS(I) 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as "Operating Leases" under SFRS(I) 1-17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's and the Company's incremental borrowing rate as at 1 January 2019. The Group's weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.64%. The Company's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.6%.

	Group 2019 $'000	Company 2019 $'000
Operating lease commitments disclosed as at 31 December 2018	32,497	24,460
Discounted using the weighted average lessee's incremental borrowing rate/lessee's incremental borrowing rate	(1,232)	(934)
Less: short-term leases recognised on a straight-line basis as an expense	(842)	(749)
Less: low value asset leases recognised on a straight-line basis as an expense	(4)	–
Add: finance lease liabilities recognised as at 31 December 2018	402	–
Less: adjustments as a result of a different treatment of extension or termination options	(161)	–
Lease liability recognised as at 1 January 2019	30,660	22,777

The associated right-of-use assets were measured at the amount equal to the lease liability (adjusted for any prepaid or accrued lease payment) on adoption. Arising from the adoption of SFRS(I)16, (i) dismantle, removal or restoration costs previously included as part of property, plant and equipment were reclassified as rights-of-use assets; (ii) deferred expenses arising from the rental of production room previously included as other receivables were reclassified as rights-of-use assets; and (iii) finance lease assets and liabilities previously included under property, plant and equipment and borrowings respectively were reclassified as rights-of-use assets and lease liabilities accordingly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.1 Basis of preparation (cont'd)

New and revised standards (cont'd)

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

When the Group and the Company are the lessee (cont'd)

In applying SFRS(I) 16 for the first time, the Group and the Company have used the following practical expedients permitted by the standard:

- account for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- exclude initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The effect of adoption of SFRS(I) 16 on the Group's and the Company's financial statements on 1 January 2019 are summarised as follows:

	Increase/(decrease)	
	Group	**Company**
	2019	**2019**
	$'000	**$'000**
Property, plant and equipment	(782)	(199)
Right-of-use assets	31,139	23,030
Investment properties	72	–
Prepayments	(54)	(54)
Other receivables	(117)	–
Borrowings	(402)	–
Lease liabilities	30,660	22,777

When the Group and the Company are the lessor

There are no material changes to accounting by the Group and the Company as a lessor.

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) 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 References to the Conceptual Framework in FRS Standards
Amendments to SFRS(I) 3: Definition of a Business
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of Material
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7: Interest Rate Benchmark Reform

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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.

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

Lease payments 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.

Management fee income

The Group provides management services to cafeterias in Singapore. Such services are recognised over time as performance obligations are satisfied based on the period in the contracts. Payment of the transaction is either due immediately, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

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 and the measurement of all amounts has been reviewed, 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.

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 the 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 interests 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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.

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.

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
Building and structural improvements	15 – 50
Leasehold improvements	1 – 10
Furniture, fixtures and fittings	3 – 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 and land that are held to earn rental income and/or for capital appreciation or for a currently indeterminate use and land held by the lessee as a right-of-use asset that is held to earn rental income, for long-term capital appreciation or for a currently indeterminate use. Investment properties comprise land, completed investment properties and properties that are being constructed or developed for future use as 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 as follows:

	Years
Buildings	40 – 50
Land	30
Outdoor refreshment area	1.5

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.6 Investment properties (cont'd)

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.

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:

	Years
Customer relationships	10
Customer contracts	2.5
Favourable leases	2
Franchise rights/licence	20

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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.

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 other 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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

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

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. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. 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.

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 receivables, trade receivables and other receivables (excluding prepayments and tax recoverable). The Group's debt instruments are measured as follows:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Classification and measurement (cont'd)

i) Debt instruments (cont'd)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Offset

Financial assets and liabilities are offset and the net amount presented on the statements 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, other direct 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.

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 instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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 amount initially recognised less cumulative amount of income recognised in accordance with the principles of SFRS(I) 15 and the amount of expected loss computed using the impairment methodology under SFRS(I) 9.

2.18 Leases

The accounting policy for leases before 1 January 2019 are as follows:

When a Group entity is the lessee

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Each lease payment is allocated between reduction of the outstanding liability and finance charges. The corresponding lease liabilities, net of finance charges, are included in borrowings. The finance charge is taken to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The asset acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

The accounting policy for leases after 1 January 2019 are as follows:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset as follows:

	Years
Food and beverage outlets	1 to 4
Plant and machinery	12.5
Office spaces, production rooms, store rooms and warehouses	2 to 3
Leasehold land	4.5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.18 Leases (cont'd)

The accounting policy for leases after 1 January 2019 are as follows: (cont'd)

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

Right-of-use asset which meets the definition of an investment property are presented within "Investment properties" and accounted in accordance with Note 2.6.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.10.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has applied this practical expedient to all its leases.

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies SFRS(I) 15 to allocate the consideration under the contract to each component.

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 or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

2.19 Income taxes (cont'd)

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 of assets arising from the acquisition or use of assets (Note 2.18). 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 assets 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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 foreign 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2 Summary of significant accounting policies (cont'd)

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 statements 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 statements 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 Critical accounting judgement and key sources of estimation uncertainty

Critical judgement in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of food and beverage outlets, plant and machinery, office space, production rooms, store rooms and leasehold land, the following factors are considered to be most relevant:

- If there are significant penalties to terminate the lease, the Group will typically reasonably certain not to terminate the lease;
- Otherwise, the Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

As at 31 December 2019, potential future cash outflows of $20,631,000 (undiscounted) have not been included in the lease liability because it is not reasonably certain that the lease will be extended.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Critical accounting judgement and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources 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.

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 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 14 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 and right-of-use assets are disclosed in Notes 11 and 12. The carrying values of the Group's intangible assets with finite lives are disclosed in Note 14. 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 15. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 Critical accounting judgement and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

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(b).

Estimating the incremental borrowing rate for leases

The Group uses the incremental borrowing rate to measure the lease liabilities because the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs such as market interest rates, where available and made certain entity-specific estimates, such as the Company and the subsidiaries' stand-alone credit rating. Any change in estimation of incremental borrowing rate may have a significant impact to the determination of lease liabilities and right-of-use assets at the date of initial application of SFRS(I) 16. The carrying amount of lease liabilities and right-of-use assets are disclosed in Notes 30 and 12.

4 Revenue

	Group	
	2019	**2018**
	$'000	**$'000**
Sales and service charges - Food and beverage	**120,861**	124,691
Royalty income	**272**	313
	121,133	125,004

5a Other income

	Group	
	2019	**2018**
	$'000	**$'000**
Rental income	**286**	280
Special Employment Credit and Wage Credit Scheme	**615**	712
Management fee income	**324**	324
Fair value gain on call option (Note 20)	**428**	–
Others	**169**	255
	1,822	1,571

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5b Interest income

	Group	
	2019	**2018**
	$'000	**$'000**
Interest from deposits with banks	**584**	569
Interest on loans to a joint venture (Note 19)	**268**	112
	852	681

6 Finance costs

	Group	
	2019	**2018**
	$'000	**$'000**
Deemed finance costs	**229**	97
Banker's acceptance interests	**6**	7
Interest expense on lease liabilities/finance lease liabilities	**1,142**	16
	1,377	120

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7 Profit before tax

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

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees payable to:			
– auditor of the Company		**182**	166
– other auditors*		**28**	31
Fees for non-audit services payable to:			
– auditor of the Company		**56**	30
– other auditors*		**9**	5
Amortisation of intangible assets	14	**467**	513
Cost of inventories included in cost of sales		**34,411**	35,565
Depreciation of property, plant and equipment	11	**3,979**	4,312
Depreciation of right-of-use assets	12	**17,566**	–
Depreciation of investment properties	13	**209**	161
Remuneration of the directors of the Company:	8		
– salaries, fees and benefits-in-kind		**1,473**	1,498
– contribution to defined contribution plans		**38**	43
Remuneration of the directors of the subsidiaries:			
– salaries, fees and benefits-in-kind		**547**	558
– contribution to defined contribution plans		**42**	42
Remuneration of key management personnel (non-directors):			
– salaries and related costs		**1,124**	1,061
– contribution to defined contribution plans		**94**	88
Remuneration of staff:			
– salaries and related costs		**37,137**	38,620
– contribution to defined contribution plans		**2,965**	3,085
(Gain)/loss on disposal of property, plant and equipment, net		**(1)**	2
Allowances for impairment on non-trade receivables	19	**3**	3
Impairment loss of property, plant and equipment	11	**103**	160
Rental expenses	12	**2,902**	–
Rental expenses - operating leases**		**–**	20,762
Write-offs:			
– property, plant and equipment		**220**	241
– inventories		**66**	19
Modification loss on put liability	31	**139**	–
Net foreign exchange losses		**122**	198
Bad debts written off		**2**	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	22	**–**	(3)

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8 Remuneration bands of directors of the Company

Number of directors of the Company in remuneration bands:

	Group	
	2019	**2018**
$250,000 to below $500,000	**3**	3
Below $250,000	**4**	4
	7	7

9 Income tax expense

	Group	
	2019	**2018**
	$'000	**$'000**
Tax expense attributable to profits is made up of:		
– current income tax provision	**910**	1,013
– deferred tax (Note 26)	**(275)**	(129)
	635	884
(Over)/under provision in respect of previous financial years		
– current income tax	**(27)**	(150)
– deferred tax (Note 26)	**(5)**	31
	603	765

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	
	2019	**2018**
	$'000	**$'000**
Profit before tax	**3,008**	3,990
Tax calculated at a tax rate of 17%	**511**	678
Effect of different tax rates in other countries	**(1)**	27
Statutory stepped income exemption	**(84)**	(59)
Income not subject to tax	**(152)**	(406)
Expenses not deductible for tax purposes	**303**	740
Effect of tax incentive and tax rebate	**(124)**	(154)
Over provision in preceding financial years	**(32)**	(119)
Deferred tax asset not recognised	**79**	12
Utilisation of unrecognised deductible temporary differences	**–**	(3)
Effect of results of equity-accounted investees presented net of tax	**68**	48
Others	**35**	1
	603	765

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9 Income tax expense (cont'd)

The statutory income tax rate applicable is 17% (2018: 17%) for companies incorporated in Singapore and 24% (2018: 24%) for companies incorporated in Malaysia.

Subject to the satisfaction of the conditions for group relief, tax losses of $350,000 (2018: $979,000) and capital allowances of $281,000 (2018: $541,000) 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 $8,200,000 (2018: $7,930,000), and unabsorbed capital allowances of approximately $1,771,000 (2018: $1,725,000), 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:

	Group	
	2019	**2018**
	$'000	**$'000**
Unabsorbed tax losses	**8,200**	7,919
Unabsorbed capital allowances	**1,345**	1,204
	9,545	9,123

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:

	2019	**2018**
	$'000	**$'000**
Profit for the year attributable to owners of the Company	**1,973**	2,666

	2019	**2018**
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**200,996**	200,996
Basic earnings per share (cents)	**0.98**	1.33
Diluted earnings per share (cents)	**0.98**	1.33

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 2019 and 2018, 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 2019

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									
2019									
Cost									
At 1.1.2019	366	12,420	2,300	17,595	7,185	18,229	2,602	854	61,551
Additions	–	–	–	1,239	454	786	336	25	2,840
Disposals/write-off	–	–	–	(1,455)	(724)	(871)	(81)	(163)	(3,294)
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	–	(1,520)	–	(468)	–	–	(1,988)
Translation	(1)	(4)	–	(4)	(4)	(11)	(1)	–	(25)
At 31.12.2019	**365**	**12,416**	**2,300**	**15,855**	**6,911**	**17,665**	**2,856**	**716**	**59,084**
Accumulated depreciation and impairment losses									
At 1.1.2019	–	6,148	1,311	13,267	4,275	12,135	1,689	120	38,945
Depreciation charge	–	202	46	1,266	617	1,498	350	–	3,979
Disposals/write-off	–	–	–	(1,430)	(630)	(808)	(66)	(120)	(3,054)
Impairment loss	–	–	–	81	21	1	–	–	103
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	–	–	(1,150)	–	(56)	–	–	(1,206)
Translation	–	(2)	–	(2)	(1)	(6)	(1)	–	(12)
At 31.12.2019	**–**	**6,348**	**1,357**	**12,032**	**4,282**	**12,764**	**1,972**	**–**	**38,755**
Net carrying value									
At 31.12.2019	**365**	**6,068**	**943**	**3,823**	**2,629**	**4,901**	**884**	**716**	**20,329**

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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									
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 2019

11 Property, plant and equipment (cont'd)

	Leasehold property $'000	Leasehold improvements $'000	Furniture, fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Restaurant supplies, crockery and cutlery $'000	Total $'000
Company							
2019							
Cost							
At 1.1.2019	2,300	9,038	4,140	9,424	254	728	25,884
Additions	–	446	206	245	–	25	922
Disposals/write-off	–	(1,005)	(505)	(648)	–	(79)	(2,237)
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	(987)	–	–	–	–	(987)
At 31.12.2019	**2,300**	**7,492**	**3,841**	**9,021**	**254**	**674**	**23,582**
Accumulated depreciation and impairment losses							
At 1.1.2019	1,311	6,771	2,782	6,738	219	57	17,878
Depreciation charge	46	784	285	735	13	–	1,863
Disposals/write-off	–	(1,005)	(414)	(602)	–	(57)	(2,078)
Reclassification to right-of-use assets on initial application of SFRS(I) 16	–	(788)	–	–	–	–	(788)
At 31.12.2019	**1,357**	**5,762**	**2,653**	**6,871**	**232**	**–**	**16,875**
Net carrying value							
At 31.12.2019	**943**	**1,730**	**1,188**	**2,150**	**22**	**674**	**6,707**
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11 Property, plant and equipment (cont'd)

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

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Freehold land	**365**	366	**–**	–
Buildings and structural improvements	**6,068**	6,272	**–**	–
Leasehold property	**943**	989	**943**	989
Leasehold improvements	**100**	63	**–**	–
	7,476	7,690	**943**	989

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

	Group	
	2019	**2018**
	$'000	**$'000**
Aggregate cost of property, plant and equipment acquired	**2,840**	2,393
Less: Restoration costs capitalised	**–**	(80)
Less: Purchases unpaid	**(61)**	(113)
Add: Purchases made in prior financial year paid	**113**	–
Cash payments to acquire property, plant and equipment	**2,892**	2,200

The impairment loss of property, plant and equipment is included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

12 Right-of-use assets and lease liabilities

(a) The Group and the Company as a lessee

Nature of the Group's and the Company's leasing activities

The Group's and the Company's leasing activities comprise the following:

i) The Group and the Company lease various food and beverage outlets, plant and machinery, office spaces, production rooms, store rooms and warehouses. The leases have an average tenure of up to five years. These leases are with non-related parties except that the Company leases office space, production and store rooms from a subsidiary;

ii) The Group makes annual lease payments for a leasehold land; and

iii) In addition, the Group and the Company lease certain equipment with contractual terms of up to two years. These leases are short-term and/or low value items. The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for these leases.

The Group and the Company have options to purchase certain equipment for a nominal amount at the end of the lease term. The Group's and the Company's obligations are secured by the lessors' title to the leased assets for such leases. No restrictions are imposed on dividends or further leasing.

The maturity analysis of the lease liabilities is disclosed in Note 35(b).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Right-of-use assets and lease liabilities (cont'd)

(a) The Group and the Company as a lessee (cont'd)

Nature of the Group's and the Company's leasing activities (cont'd)

Information about leases for which the Group and the Company are a lessee is presented below:

Amounts recognised in Statements of Financial Position

	Group		Company	
	31.12.2019	**1.1.2019**	**31.12.2019**	**1.1.2019**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount of right-of-use assets				
Food and beverage outlets	**33,214**	28,511	**28,024**	22,676
Plant and machinery	**376**	413	**–**	–
Office spaces, production rooms, store rooms and warehouses	**780**	1,172	**3,036**	354
Leasehold land	**811**	1,043	**–**	–
	35,181	31,139	**31,060**	23,030
Carrying amount of lease liabilities				
Current	**16,006**	14,496	**13,596**	10,659
Non-current	**19,375**	16,164	**17,792**	12,118
	35,381	30,660	**31,388**	22,777

	Group	Company
	2019	**2019**
	$'000	**$'000**
Additions to right-of-use assets	**21,608**	**22,265**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Right-of-use assets and lease liabilities (cont'd)

(a) The Group and the Company as a lessee (cont'd)

Nature of the Group's and the Company's leasing activities (cont'd)

Information about leases for which the Group and the Company are a lessee is presented below: (cont'd)

Amounts recognised in Profit or Loss

	Group 2019 $'000	Company 2019 $'000
Depreciation charge for the year		
Food and beverage outlets	16,770	12,869
Plant and machinery	37	–
Office spaces, production rooms, store rooms and warehouses	527	1,366
Leasehold land	232	–
Total (Note 7)	17,566	14,235
Lease expense not included in the measurement of lease liabilities		
Lease expense - short-term leases	1,054	867
Lease expense - low value assets leases	4	–
Variable lease payments which do not depend on an index or rate	1,844	1,077
Total (Note 7)	2,902	1,944
Interest expense on lease liabilities (Note 30)	1,142	948

Total Group's and Company's cash flow for leases amounted to $20,813,000 and $16,501,000 respectively.

Future cash outflow which are not capitalised in lease liabilities

Variable lease payments

The leases for food and beverage outlets contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 1% to 32%, on top of the fixed lease payments. Overall, the variable lease payments constitute up to 9% and 7% of the Group's and the Company's entire lease payments respectively. These variable lease payments are recognised to profit or loss when incurred. Such variable lease payments amounted to $1,844,000 and $1,077,000 for the Group and the Company respectively for the financial year ended 31 December 2019.

Extension options

The leases of certain food and beverage outlets contain extension options, for which the related lease payments had not been included in the lease liabilities as the Group and the Company are not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's and the Company's operations. The majority of extension and termination options held are exercisable only by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12 Right-of-use assets and lease liabilities (cont'd)

(b) The Group and the Company as a lessor

Nature of the Group's and the Company's leasing activities

The Group and the Company leased out its investment properties to third parties for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 13.

13 Investment properties

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Cost				
At beginning of financial year	**5,597**	5,597	**1,863**	1,863
Additions	**1,440**	–	**–**	–
Recognition of right-of-use assets on initial application of SFRS(I) 16	**72**	–	**–**	–
At end of financial year	**7,109**	5,597	**1,863**	1,863
Accumulated depreciation				
At beginning of financial year	**2,590**	2,429	**899**	862
Depreciation charge (Note 7)	**209**	161	**37**	37
At end of financial year	**2,799**	2,590	**936**	899
Net carrying value				
At end of financial year	**4,310**	3,007	**927**	964

Included in investment properties are right-of-use assets of $24,000 (1.1.2019: $72,000) (Note 12). Depreciation charge on the right-of-use asset classified as investment properties amounted to $47,000.

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Investment properties	**927**	964	**927**	964

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 Investment properties (cont'd)

The following amounts are recognised in the consolidated statement of profit or loss and other comprehensive income:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Rental income from investment properties	**283**	280	**67**	62
Direct operating expenses arising from investment properties that generated rental income (including depreciation charge)	**(189)**	(207)	**(52)**	(54)

Based on valuations carried out by external professional valuers, the fair values of the investment properties of the Group and Company on 31 December 2019 are $10,775,000 (2018: $9,657,000) and $3,400,000 (2018: $3,600,000) 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)
A HDB outdoor refreshment area located within Block 5 Changi Village Road	Block 5 Changi Village Road #01-2001 Singapore 500005	196	3 years from 1 July 2017 (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)
A land plot located at Bintan, Indonesia	Jalan Trikora Kilometer 52 RT.04 RW.02 Kelurahan Malang Rapat Kecamatan Gunung Kijang Kabupaten Bintan Provinsi Kepulauan Riau	19,603	Leasehold 30 years from 18 January 2019

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13 Investment properties (cont'd)

Reconciliation of investment properties additions to cash flows arising from investing activities:

	Group	
	2019	2018
	$'000	$'000
Aggregate cost of investment properties acquired	**1,440**	–
Less: Deposit paid in prior financial year	**(274)**	–
Cash payments to acquire investment properties	**1,166**	–

14 Intangible assets

	Goodwill	Trade-marks	Customer relationships	Others	Total
	$'000	$'000	$'000	$'000	$'000
Group					
2019					
Cost					
At 1.1.2019	8,303	5,381	2,797	2,607	19,088
Additions	–	–	–	223	223
Write-off	–	–	–	(613)	(613)
At 31.12.2019	**8,303**	**5,381**	**2,797**	**2,217**	**18,698**
Accumulated amortisation					
At 1.1.2019	–	–	420	2,303	2,723
Amortisation charge	–	–	280	187	467
Write-off	–	–	–	(613)	(613)
At 31.12.2019	**–**	**–**	**700**	**1,877**	**2,577**
Net carrying value					
At 31.12.2019	**8,303**	**5,381**	**2,097**	**340**	**16,121**
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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Intangible assets (cont'd)

	Franchise rights/licence 2019 $'000	Franchise rights/licence 2018 $'000
Company		
Cost		
At beginning of financial year	**406**	406
Write-off	**(406)**	–
At end of financial year	**–**	406
Accumulated amortisation		
At beginning of financial year	**406**	406
Write-off	**(406)**	–
At end of financial year	**–**	406
Net carrying value		
At end of financial year	**–**	–

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 and exclusive franchise rights of "Swensen's" and "Yogen Fruz".

The franchise rights of "Swensen's" 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 franchise rights of "Swensen's" in Singapore, Malaysia and Brunei is for a period of 20 years from 1 November 2019 to 31 October 2039.

Amortisation

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

14 Intangible assets (cont'd)

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.

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	
	2019	**2018**
	%	**%**
Forecast revenue growth (average over next five years)	**9**	3
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 2019, 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.

15 Investments in subsidiaries

	Company	
	2019	**2018**
	$'000	**$'000**
Unquoted equity shares, at cost		
At beginning of financial year	**47,433**	38,489
Acquisition during the financial year	**–**	8,944
	47,433	47,433
Less: Allowance for impairment in value	**(8,045)**	(8,045)
At end of financial year	**39,388**	39,388
Non-current receivables		
Loan to a subsidiary as at beginning of financial year	**8,600**	7,900
Advances during the financial year	**1,110**	700
At end of financial year	**9,710**	8,600
Total	**49,098**	47,988

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

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

	Company	
	2019	**2018**
	$'000	**$'000**
At beginning of financial year	**8,045**	7,245
Allowance made	**–**	800
At end of financial year	**8,045**	8,045

(i) Details of the Company's subsidiaries at 31 December 2019 are as follows:

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2019 %	Group's equity holding 2018 %
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
(d)	Europa Entertainment Pte Ltd	Dormant	Singapore	**100**	100
(a)	ABR Swensen's Pte Ltd (fka Pleasuredome Pte Ltd)	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2019 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2019 %	Group's equity holding 2018 %
Held by the Company (cont'd)					
(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	**50**	50
(d)	Bistro Europa Pte Ltd	Dormant	Singapore	**100**	100
(a)	Europa Specialty Restaurants (S) Pte Ltd	Dormant	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
(a)	Chilli Padi Holding Pte Ltd	Investment holding	Singapore	**80**	80
(b)	Permai Puncakmas Sdn. Bhd.	Investment holding	Malaysia	**100**	100
(a)	All Best Realty Pte Ltd	Investment holding	Singapore	**100**	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2019 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2019 %	Group's equity holding 2018 %
Held by the subsidiaries					
Held by Swensen's of Singapore (1996) Pte Ltd					
(b)	Team-Up Investments (HK) Limited	Dormant	Hong Kong	**50**	50
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
Held by Season Confectionary & Bakery Sdn. Bhd.					
(c)	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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

(i) Details of the Company's subsidiaries at 31 December 2019 are as follows: (cont'd)

	Name of subsidiary	Principal activities	Country of incorporation	Group's equity holding 2019 %	Group's equity holding 2018 %
Held by the subsidiaries (cont'd)					
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
(e)	North Street 5 Private Limited	Catering service and foodstuff manufacturing	Singapore	**100**	–
Held by Europa Lounge and Restaurant Pte Ltd					
(c)	PT ABR Bintan Investments	Investment holding	Indonesia	**1**	1
Held by ABR Property Investments Pte Ltd					
(c)	PT ABR Bintan Investments	Investment holding	Indonesia	**99**	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 2019 as company is dormant during the financial year.
(e) Incorporated during the financial year and first set of financial statements to be issued in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

(ii) Non-current loans to a subsidiary

During the financial year, the Company advanced non-current interest-free equity loan totalling $1,110,000 (2018: $700,000) 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:

	2018 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

(iv) Impairment assessment

During the previous financial year ended 2018, 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 was recognised for the year ended 31 December 2018 to write down these subsidiaries to their recoverable amount of $4,443,600. 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%. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15 Investments in subsidiaries (cont'd)

(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	
	2019	**2018**
	$'000	**$'000**
Summarised Statement of Financial Position		
Non-current assets	**10,634**	9,739
Current assets	**11,389**	8,590
Non-current liabilities	**(1,910)**	(1,573)
Current liabilities	**(3,896)**	(2,647)
Net assets	**16,217**	14,109
Net assets attributable to NCI	**3,243**	2,822
Summarised Income Statement		
Revenue	**22,326**	22,702
Profit before tax	**2,506**	3,043
Income tax expense	**(399)**	(453)
Profit after tax and total comprehensive income	**2,107**	2,590
Profit allocated to NCI	**421**	518
Summarised Cash Flows		
Cash flows from operating activities	**4,475**	3,878
Cash flows from investing activities	**(983)**	(567)
Cash flows from financing activities	**(770)**	(970)
Net increase in cash and cash equivalents	**2,722**	2,341

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16 Interests in equity-accounted investees

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Interests in associated companies	**18,397**	17,285	**–**	–
Interests in joint venture	**85**	262	**–**	–
	18,482	17,547	**–**	–

(a) Interests in associated companies

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	**9,472**	462	**97**	97
Addition through acquisition of a subsidiary (Note 15(iii))	**–**	9,010	**–**	–
	9,472	9,472	**97**	97
Less: Allowance for impairment in value	**–**	–	**(97)**	(97)
At end of financial year	**9,472**	9,472	**–**	–
Group's share of post-acquisition reserves	**(642)**	(521)	**–**	–
	8,830	8,951	**–**	–
Non-current receivables				
Loan to an associate as at beginning of financial year	**8,334**	7,707	**–**	–
Advances during the financial year	**1,247**	627	**–**	–
Translation	**(14)**	–	**–**	–
At end of financial year	**9,567**	8,334	**–**	–
Total	**18,397**	17,285	**–**	–

During the financial year, the Group has advanced non-current interest-free equity loan totalling $1,247,000 (2018: $627,000) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 Interests in equity-accounted investees (cont'd)

(a) Interests in associated companies (cont'd)

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

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At beginning and end of financial year	**–**	–	**97**	97

The following information relates to associated companies:

Name of associated company	Principal activities	Country of incorporation	Group's equity holding 2019 %	Group's equity holding 2018 %
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 All Best Realty Pte Ltd				
Goodwill Influx Sdn. Bhd. ("Goodwill Influx")	Investment holding	Malaysia	**20**[(1)]	20[(1)]
Held by Permai Puncakmas Sdn. Bhd.				
Sering Manis Sdn. Bhd. ("Sering Manis")	Property developer	Malaysia	**19**[(2)]	19[(2)]

The associated companies are measured using the equity method of accounting.

(1) The investment is part of the Group's corporate strategy to expand into selective property development business.

(2) 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	
	2019	2018
	$'000	$'000
Carrying amount:		
Goodwill Influx	**8,956**	9,008
Sering Manis	**9,441**	8,277
Other associated companies	**–**	–
	18,397	17,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	**–**	–	**–**	*
Loss after tax	**(335)**	(654)	**(210)**	(11)
Other comprehensive (loss)/income	**(35)**	9	**(50)**	–
Total comprehensive loss	**(370)**	(645)	**(260)**	(11)
Non-current assets	**72,201**	67,330	**97,502**	93,988
Current assets	**6,794**	6,419	**18,110**	6
Non-current liabilities	**(79,456)**	(74,332)	**(26,328)**	–
Current liabilities	**(719)**	(227)	**(1,185)**	(48,954)
Net (liabilities)/assets	**(1,180)**	(810)	**88,099**	45,040
Less: Non-controlling interest	**–**	–	**(43,319)**	–
	(1,180)	(810)	**44,780**	45,040
Group's share of net (liabilities)/assets based on proportion of ownership interest	**(223)**	(154)	**8,956**	9,008
Goodwill on acquisition	**97**	97	**–**	–
Loans to an associate	**9,567**	8,334	**–**	–
	9,441	8,277	**8,956**	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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost				
At beginning of financial year	**331**	*	**–**	–
Additional investment during the financial year	**–**	331	**–**	–
At end of financial year	**331**	331	**–**	–
Group's share of post-acquisition reserves	**(246)**	(69)	**–**	–
	85	262	**–**	–

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

16 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 2019	Group's equity holding 2018
			%	%
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.

17 Financial asset at fair value through other comprehensive income ("FVOCI")

	Group and Company 2019	Group and Company 2018
	$'000	$'000
Equity investments designated at FVOCI		
Unquoted equity investment	**35**	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.

18 Due from subsidiaries

(i) Loans to subsidiaries, non-current

	Company 2019	Company 2018
	$'000	$'000
Loans to subsidiaries	**16,733**	15,900
Less: Allowance for impairment	**(5,667)**	(5,667)
	11,066	10,233

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18 Due from subsidiaries (cont'd)

(i) Loans to subsidiaries, non-current (cont'd)

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

	Company	
	2019	**2018**
	$'000	**$'000**
At beginning and end of financial year	**5,667**	5,667

The non-current loans to subsidiaries are interest-free and unsecured, except for an advance to a subsidiary of $110,000 (2018: $110,000) with an interest of 5% (2018: 5%) per annum. The advance is not expected to be repaid within the next twelve months.

The non-current loans to subsidiaries of $11,066,000 (2018: $10,233,000) 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	
	2019	**2018**
	$'000	**$'000**
Trade	**4,091**	4,097
Less: Allowance for impairment	**(4,066)**	(4,066)
Note 22	**25**	31
Non-trade	**5,062**	4,882
Less: Allowance for impairment	**(4,503)**	(4,320)
Note 22	**559**	562
	584	593

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

	Company	
	2019	**2018**
	$'000	**$'000**
Trade		
At beginning and end of financial year	**4,066**	4,066
Non-trade		
At beginning of financial year	**4,320**	4,320
Allowance made	**183**	–
At end of financial year	**4,503**	4,320

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19 Due from equity-accounted investees

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Non-current				
Loans to a joint venture	**4,748**	4,245	**–**	–
Current				
Due from equity-accounted investees (non-trade)	**486**	214	**208**	205
Less: Allowance for impairment	**(208)**	(205)	**(208)**	(205)
Note 22	**278**	9	**–**	–

The non-current loans receivable from a joint venture (excluding a loan amount of $567,000 (2018: $567,000)) bears interest at 6.72% (2018: 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 $268,000 (2018: $112,000) 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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At beginning of financial year	**205**	202	**205**	202
Allowance made (Note 7)	**3**	3	**3**	3
At end of financial year	**208**	205	**208**	205

The current amounts due from associated companies are non-trade in nature, unsecured, interest-free and repayable on demand.

20 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 2019

21 Inventories

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Ice cream and ingredients	**834**	930	**813**	906
Confectionery and ingredients	**776**	683	**–**	–
Food and beverages	**675**	806	**470**	498
Packaging materials, consumables and merchandise	**398**	360	**229**	184
	2,683	2,779	**1,512**	1,588

22 Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade receivables	**2,832**	2,994	**850**	1,089
Less: Allowance for impairment	**(22)**	(22)	**–**	–
Due from subsidiaries (Note 18(ii))	**–**	–	**25**	31
	2,810	2,972	**875**	1,120
Rental and sundry deposits	**4,998**	5,245	**3,956**	3,999
Prepayments	**797**	986	**270**	387
Sundry receivables	**1,831**	1,990	**1,780**	1,881
Tax recoverable	**50**	308	**–**	–
	7,676	8,529	**6,006**	6,267
Less: Allowance for impairment	**(1,768)**	(1,768)	**(1,768)**	(1,768)
	5,908	6,761	**4,238**	4,499
Due from subsidiaries (Note 18(ii))	**–**	–	**559**	562
Due from associated companies (Note 19)	**278**	9	**–**	–
	6,186	6,770	**4,797**	5,061
Total	**8,996**	9,742	**5,672**	6,181

(i) Movements in allowance for impairment for trade receivables during the financial year are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At beginning of financial year	**22**	25	**–**	–
Write-back of allowance made (Note 7)	**–**	(3)	**–**	–
At end of financial year	**22**	22	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

22 Trade and other receivables (cont'd)

(ii) Movements in allowance for impairment for sundry receivables during the financial year are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	**1,768**	1,773	**1,768**	1,768
Receivables written off against allowances	**–**	(5)	**–**	–
At end of financial year	**1,768**	1,768	**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.

23 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 (2018: 12 months) from the end of the reporting period. The interest rates of these deposits at the end of the reporting period range from 0.79% to 3.9% (2018: 0.7% to 3.7%) per annum.

Included in the Group's fixed deposits and cash and bank balances are amounts of $124,000 (2018: $127,000), pledged to banks for banking facilities granted to the Group.

24 Share capital

Issued and fully paid ordinary shares

	Group and Company			
	2019	**2018**	**2019**	**2018**
	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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25 Other reserves

	Group	
	2019	**2018**
	$'000	**$'000**
Foreign currency translation reserve	**(543)**	(464)
Capital reserve	**826**	826
Option reserve	**(1,900)**	(1,900)
	(1,617)	(1,538)

Movements in other reserves are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Foreign currency translation reserve		
At beginning of financial year	**(464)**	(715)
Net exchange differences on translation of financial statements of foreign subsidiaries	**(43)**	266
Translation loss of loan that forms part of net investment in foreign subsidiary	**(21)**	(15)
Share of other comprehensive loss of equity-accounted investees	**(15)**	–
At end of financial year	**(543)**	(464)
Capital reserve		
At beginning of financial year	**826**	404
Capitalisation of accumulated profits	**–**	422
At end of financial year	**826**	826
Option reserve		
At beginning and end of financial year	**(1,900)**	(1,900)

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 20 and 31).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

26 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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of financial year	**2,884**	2,982	**394**	340
Tax (credit)/charge to				
– Profit or loss (Note 9)	**(280)**	(98)	**(200)**	54
– Translation difference	**(1)**	–	**–**	–
At end of financial year	**2,603**	2,884	**194**	394

Representing:

Deferred tax liability/(asset) arising from:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Accelerated tax depreciation	**1,811**	1,853	**580**	722
Intangible assets	**1,271**	1,348	**–**	–
Leases	**(97)**	–	**(94)**	–
Provisions	**(431)**	(369)	**(308)**	(328)
Others	**49**	52	**16**	–
	2,603	2,884	**194**	394

At the end of the reporting period, the Group has undistributed earnings amount of $11,138,000 (2018: $10,743,000) 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.

Deferred income tax liabilities of $49,300 (2018: $3,600) have not been recognised for withholding and other taxes that will be payable on a subsidiary's earnings from an overseas joint venture when remitted to the subsidiary as the Group has determined that the earnings will not be remitted in the foreseeable future. These unremitted earnings are permanently reinvested and amount to $290,000 (2018: $21,000) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Trade payables	**5,741**	6,019	**3,059**	3,357
Due to subsidiaries, trade	**–**	–	**195**	682
	5,741	6,019	**3,254**	4,039
Other payables	**2,021**	1,720	**678**	807
Accrued operating expenses	**4,795**	4,834	**2,660**	2,695
Deferred income	**701**	655	**638**	608
Due to subsidiaries, non-trade	**–**	–	**2,203**	496
Payable for acquisition of trademarks, and related knowhow and goodwill	**256**	256	**–**	–
Balance purchase consideration payable for acquisition of Chilli Padi group	**–**	1,452	**–**	1,452
	7,773	8,917	**6,179**	6,058
Total	**13,514**	14,936	**9,433**	10,097

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

Balance purchase consideration payable to the non-controlling shareholder for acquisition of Chilli Padi group in 2017 is interest-free and is measured at amortised cost determined based on an effective interest rate of 4.1% (2018: 4.1%) per annum. The amount has been fully paid in 2019.

28 Provisions

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Provision for restoration costs	**1,567**	1,582	**964**	987
Provision for unutilised annual leave	**1,128**	1,127	**865**	845
	2,695	2,709	**1,829**	1,832
Represented by:				
Non-current liabilities	**1,077**	1,121	**705**	702
Current liabilities	**1,618**	1,588	**1,124**	1,130
	2,695	2,709	**1,829**	1,832

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28 Provisions (cont'd)

Movements in provision for restoration costs during the financial year are as follows:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At beginning of financial year	**1,582**	1,491	**987**	987
Provision during the financial year	**116**	97	**47**	–
Utilised during the financial year	**(118)**	(6)	**(60)**	–
Unused amounts reversed during the financial year	**(13)**	–	**(10)**	–
At end of financial year	**1,567**	1,582	**964**	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	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
At beginning of financial year	**1,127**	944	**845**	696
Provision during the financial year	**1**	183	**20**	149
At end of financial year	**1,128**	1,127	**865**	845

29 Borrowings

	Group	
	2019	2018
	$'000	$'000
Non-current		
Secured		
Finance lease liabilities	**–**	321
Current		
Secured		
Finance lease liabilities	**–**	81
Banker's acceptance	**276**	299
	276	380

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	Group 2018	
	Minimum lease payments	**Present value**
	$'000	**$'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

In the previous financial year ended 2018, the net book values of plant and equipment acquired and held as security under finance lease agreements was $413,000. The effective interest rate of the finance lease liabilities was 3.2% per annum.

Banker's acceptance

The banker's acceptance of $276,000 (2018: $299,000) of a subsidiary is secured by way of fixed charges over the subsidiary's properties with net carrying value of $1,275,000 (2018: $1,311,000), 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% (2018: 4.25%) 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.

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

	Group		
	Banker's acceptance	**Finance lease liabilities**	**Total**
	$'000	**$'000**	**$'000**
2019			
At beginning of financial year	299	402	701
Reclassification on adoption of SFRS(I) 16	–	(402)	(402)
Changes from financing cash flows:			
– Repayments	(22)	–	(22)
– Interest paid	(6)	–	(6)
Non-cash changes:			
– Interest expense	6	–	6
Effect of changes in foreign exchange rates	(1)	–	(1)
At end of financial year	**276**	**–**	**276**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29 Borrowings (cont'd)

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

	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

30 Lease liabilities

Finance lease liabilities were reclassified to lease liabilities on 1 January 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.1.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Represented by:				
Non-current	**19,375**	–	**17,792**	–
Current	**16,006**	–	**13,596**	–
	35,381	–	**31,388**	–

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

	Group
	2019
	$'000
At beginning of financial year	–
Reclassification from finance lease liabilities on adoption of SFRS(I) 16	402
Adoption of SFRS(I) 16	30,258
Changes from financing cash flows:	
– Payments	(16,746)
– Interest paid	(1,142)
Non-cash changes:	
– Interest expense	1,142
– Additions of new leases	21,467
At end of financial year	**35,381**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31 Other liabilities

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Put liability/option	**3,979**	3,640	**1,267**	1,700

Group

The carrying value of the NCI put liability for the Group at 31 December 2019 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% (2018: 4.1%) per annum.

During the financial year, the Group revised its estimates of payments and adjusted the amortised cost of the put liability to reflect the actual contractual cash flows. The Group recalculated the amortised cost of the put liability as the present value of the estimated future contractual cash flows that are discounted at the put liability's original effective interest rate of 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 2019 (Note 20).

32 Dividends

The directors have proposed a final tax exempt dividend for 2019 of 1.0 cent per share of approximately $2,010,000. 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 2020.

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) (2018: RM6 million (approximately $2 million)) executed together with a wholly-owned subsidiary to a bank for banking facilities taken by a subsidiary of RM1.2 million, approximately $398,000 (2018: RM1,284,000 (approximately $423,000)) at the end of the reporting period;

(ii) The Company has provided a corporate guarantee of $2 million (2018: $2 million) to a bank for banker's guarantee facility taken by a subsidiary of $885,000 (2018: $845,000) at the end of the reporting period; and

(iii) The Company has provided a corporate guarantee of RM4.4 million (approximately $1.4 million) (2018: RM4.4 million (approximately $1.5 million)) 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 2019

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.

As at 31 December 2018, commitments in relation to non-cancellable operating leases contracted for but not recognised as liabilities at the reporting date, are payable as follows:

	Group	Company
	2018	2018
	$'000	$'000
Not later than one financial year	17,149	12,991
Later than one financial year but not later than five financial years	15,348	11,469
	32,497	24,460

Lease terms do not contain restrictions on the Group's and the Company's activities concerning dividends, additional debt or further leasing.

As disclosed in Note 2.1, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statements of financial position as at 1 January 2019, except for short-term and low value assets leases.

(b) Capital commitments

Capital commitments not provided for in the financial statements:

	Group		Company	
	2019	2018	2019	2018
	$'000	$'000	$'000	$'000
Capital commitment in respect of capital expenditure by PT ABR Bintan Investments	–	1,098	–	–
Share of joint venture's capital commitments in relation to purchase of land for property development	–	333	–	–
Capital commitment in respect of property, plant and equipment	107	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	**68,449**	70,337	**43,506**	46,725
Financial asset at FVOCI	**35**	35	**35**	35
Financial asset at fair value through profit or loss	**809**	381	**809**	381
Financial liabilities				
At amortised cost	**52,350**	18,622	**40,183**	9,489
At fair value	**–**	–	**1,267**	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 2019

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:

	USD	Denominated in AUD	Total
	$'000	**$'000**	**$'000**
Group			
2019			
Financial assets			
Cash and cash equivalents	9,103	2,091	11,194
Financial liabilities			
Trade payables	111	–	111
Currency exposure – net financial assets	**8,992**	**2,091**	**11,083**
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

	Denominated in AUD
	$'000
Company	
2019	
Cash and cash equivalents	**2,091**
2018	
Cash and cash equivalents	2,107

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
USD/SGD				
– strengthened 3% (2018: 3%)	**224**	243	**–**	–
– weakened 3% (2018: 3%)	**(224)**	(243)	**–**	–
AUD/SGD				
– strengthened 3% (2018: 3%)	**52**	52	**52**	52
– weakened 3% (2018: 3%)	**(52)**	(52)	**(52)**	(52)

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.

Credit risk

The Group's principal financial assets are fixed deposits, cash and bank balances, trade and other receivables and loans.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

For receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Maximum exposure and concentration of credit risk

At the end of the reporting period, 30% (2018: 25%) and 40% (2018: 40%) of the Group's and Company's trade receivables were due from 5 major debtors. Loans to equity-accounted investees, as disclosed in Notes 16 and 19, represent a significant portion of the Group's receivables while loans to subsidiaries, as disclosed in Notes 15 and 18, 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.

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 2019

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 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 2019	205	22	1,768
Loss allowance measured:			
Lifetime ECL			
– Credit-impaired	3	–	–
Balance at 31 December 2019	**208**	**22**	**1,768**
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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets:

Group

2019	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Trade receivables	Lifetime	2,832	(22)	2,810
Other receivables	12-month (Exposure limited)	4,998	–	4,998
	Lifetime	1,831	(1,768)	63
Loans to equity-accounted investees	12-month (Exposure limited)	14,315	–	14,315
Due from associated companies (non-trade)	Lifetime	486	(208)	278
Fixed deposits and cash and bank balances	Not applicable (Exposure limited)	45,985	–	45,985
2018				
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 (Exposure limited)	12,579	–	12,579
Due from associated companies (non-trade)	Lifetime	214	(205)	9
Fixed deposits and cash and bank balances	Not applicable (Exposure limited)	49,310	–	49,310

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 assets: (cont'd)

Company

2019	12-month or lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Trade receivables	Lifetime	850	–	850
Other receivables	12-month (Exposure limited)	3,956	–	3,956
	Lifetime	1,780	(1,768)	12
Due from subsidiaries	12-month (Exposure limited)	20,477	–	20,477
	Lifetime	15,119	(14,236)	883
Due from associated companies (non-trade)	Lifetime	208	(208)	–
Fixed deposits and cash and bank balances	Not applicable (Exposure limited)	17,328	–	17,328
2018				
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)	–
Fixed deposits and cash and bank balances	Not applicable (Exposure limited)	22,098	–	22,098

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35 Financial instruments (cont'd)

(b) Financial risks management (cont'd)

Credit risk (cont'd)

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.

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.

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.

	2019 $'000			2018 $'000		
	Within 1 year	**Within 2 to 5 years**	**Total**	**Within 1 year**	**Within 2 to 5 years**	**Total**
Group						
Trade and other payables	**12,813**	**–**	**12,813**	14,281	–	14,281
Borrowings	**277**	**–**	**277**	403	354	757
Lease liabilities	**16,748**	**20,345**	**37,093**	–	–	–
Financial guarantee contracts	**1,400**	**–**	**1,400**	1,500	–	1,500
Other liabilities	**–**	**4,235**	**4,235**	–	4,086	4,086
Company						
Trade and other payables	**8,795**	**–**	**8,795**	9,489	–	9,489
Lease liabilities	**14,203**	**18,702**	**32,905**	–	–	–
Financial guarantee contracts	**2,683**	**–**	**2,683**	2,768	–	2,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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).

(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				
2019				
Other asset	**–**	**–**	**809**	**809**
Financial asset at FVOCI	**–**	**–**	**35**	**35**
2018				
Other asset	–	–	381	381
Financial asset at FVOCI	–	–	35	35
Company				
2019				
Other asset	–	–	**809**	**809**
Financial asset at FVOCI	–	–	**35**	**35**
Other liabilities				
Put option	–	–	**1,267**	**1,267**
2018				
Other asset	–	–	381	381
Financial asset at FVOCI	–	–	35	35
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. The fair value measurement is performed by an external professional valuer engaged by the Group. Management considered the appropriateness of the valuation technique and assumptions applied by the external valuer. 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 2019

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, trade and other payables and current borrowings. The carrying amounts of these financial assets at amortised cost and financial liabilities are reasonable approximation of fair values due to their short-term nature.

The loans to equity-accounted investees of $4,748,000 (2018: $4,245,000) (Note 19) 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 value measurement based on discounted cash flow analysis 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% (2018: 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 15 and Note 18(i) and loans to associated companies (Note 16) 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.

(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 desktop 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	Group	
	2019	**2018**
	$'000	**$'000**
Related parties		
Remuneration to related parties:		
– Salaries and related costs	**261**	128
– Contribution to defined contribution plans	**44**	22
Expenses paid on behalf by	**83**	21
Key management personnel		
Expenses paid on behalf by	**324**	493
Incentive provision	**240**	240

Other related parties comprise mainly close family members of the Group's directors and key management personnel, and companies which are controlled by the Group's directors and key management personnel and their close family members or significantly influenced by a controlling shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38 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, Property Investments and Others. 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/ adjustment $'000	Group $'000
2019					
Revenue from external customers	121,084	–	49	–	**121,133**
Inter-segment revenue	–	–	2,231	(2,231)	**–**
Total revenue	121,084	–	2,280	(2,231)	**121,133**
Segment results	5,751	361	(1,733)	–	**4,379**
Finance costs	(1,113)	(2)	(262)	–	**(1,377)**
Share of results of equity-accounted investees	–	(283)	–	–	**(283)**
Others	–	–	–	289	**289**
Profit before tax	4,638	76	(1,995)	289	**3,008**
Income tax expense					**(603)**
Profit after tax					**2,405**
Non-controlling interests					**(432)**
Net profit attributable to owners of the Company					**1,973**
Assets					
Investment in equity-accounted investees	–	18,482	–	–	**18,482**
Segment assets	125,632	11,386	19,341	(17,971)	**138,388**
Unallocated assets					**809**
Total assets					**157,679**
Liabilities					
Segment liabilities	58,642	16,422	9,943	(33,141)	**51,866**
Unallocated liabilities					**7,347**
Total liabilities					**59,213**
Additions to non-current assets	53,590	1,511	1,321	–	**56,422**
Depreciation and amortisation	21,578	209	434	–	**22,221**
Impairment loss on property, plant and equipment	103	–	–	–	**103**
Other non-cash expenses	219	–	(60)	–	**159**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

38 Segment information (cont'd)

	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
Additions to non-current assets	2,196	–	4	–	2,200
Depreciation and amortisation	4,634	161	191	–	4,986
Reversal of impairment loss on other investment	–	–	(1)	–	(1)
Impairment loss on property, plant and equipment	160	–	–	–	160
Other non-cash expenses	243	–	90	–	333

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 2019

38 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 20).

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 27), 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**	
	2019	**2018**	**2019**	**2018**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**105,155**	108,859	**66,131**	35,503
Malaysia	**15,938**	16,091	**17,001**	15,346
Rest of Asia	**40**	54	**1,711**	342
	121,133	125,004	**84,843**	51,191

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 2019 and 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39 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 2018.

	Group	
	2019	**2018**
	$'000	**$'000**
Borrowings (Note 29)	**(276)**	(701)
Lease liabilities (Note 30)	**(35,381)**	–
Less: Cash and cash equivalents	**45,861**	49,183
Net cash	**10,204**	48,482
Equity attributable to owners of the Company	**94,256**	96,382
Total capital	**94,256**	96,382

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.

40 Comparative figures

Certain reclassifications have been made to the previous year's financial statements to enhance comparability with the current year's financial statements and to conform to the current year's presentation.

As a result, certain line items have been amended on the statement of comprehensive income and the related notes to the financial statements for the previous financial year ended 31 December 2018. The items were reclassified as follows:

	As previously reported	Amount reclassified	As reclassified
	$'000	**$'000**	**$'000**
2018			
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Other income	2,252	(681)	1,571
Interest income	–	681	681

The reclassification did not have any effect on the net profit for the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41 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 2019 were authorised for issue in accordance with a resolution of the directors on 30 March 2020.

LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

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 shop unit located on the third storey of Thomson Plaza	301 Upper Thomson Road #03-23 & 23A Thomson Plaza Singapore 574408	349	Leasehold 99 years less one day from 15 October 1976 (Food and Beverage outlet)
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)
A 4-storey factory building with a basement carpark	41 Tampines Street 92 Singapore 528881	9,780	30 years from 1 July 1993, with a further term of 30 years (Factory, warehouse and office)
Malaysia			
A double storey factory building	No.1 Jalan Dewani Satu Off Jalan Tampoi Kawasan Perindustrian Temenggong 81100 Johor Bahru	3,420	Freehold (Factory)
A 3-storey terrace shop	No.82 Jalan Serampang Taman Pelangi 86400 Johor Bahru	178	Freehold (Food and Beverage outlet)
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)
A land plot located at Bintan Indonesia	Jalan Trikora Kilometer 52 RT.04 RW.02 Kelurahan Malang Rapat Kecamatan Gunung Kijang Kabupaten Bintan Provinsi Kepulauan Riau	19,603	Leasehold 30 years from 18 January 2019

SHAREHOLDERS' INFORMATION

AS AT 23 MARCH 2020

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 23 March 2020

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	7	0.70	284	0.00
100 – 1,000	150	15.09	136,937	0.07
1,001 – 10,000	619	62.27	3,115,200	1.55
10,001 – 1,000,000	208	20.93	11,498,954	5.72
1,000,001 and above	10	1.01	186,244,359	92.66
Total	994	100.00	200,995,734	100.00

Substantial Shareholders as at 23 March 2020

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
Ang Yee Lim	101,316,401[1]	50.41	–	–
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. 63,139,100 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 23 MARCH 2020

Twenty Largest Shareholders as at 23 March 2020

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	21,529,400	10.71
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	HSBC (SINGAPORE) NOMINEES PTE LTD	1,105,000	0.55
11	DBS NOMINEES PTE LTD	841,100	0.42
12	ONG KHENG HO	495,000	0.25
13	SO TAI LAI	470,000	0.23
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	418,000	0.21
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:	**190,323,459**	**94.67**

Based on Shareholders' Information as at 23 March 2020, approximately 11.42% 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.

ABR Holdings Limited

41 Tampines Street 92
ABR Building Singapore 528881
Tel: (65) 6786 2866
Fax: (65) 6782 1311