

新加坡美食控股有限公司 SINGAPORE FOOD HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

STOCK CODE : 8496

SHARE OFFER

SOLE SPONSOR

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

英高

JOINT GLOBAL COORDINATORS,
JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

千里碩
ELSTONE

CRIC 克而瑞證券
CRIC SECURITIES CO. LTD

JOINT BOOKRUNNERS AND JOINT LEAD MANAGERS

中泰國際
ZHONGTAI INTERNATIONAL

ESAM 帝華證券及資產管理有限公司
EMPERO SECURITIES AND ASSETS MANAGEMENT LIMITED

IMPORTANT

If you are in any doubt about any contents of this prospectus, you should obtain independent professional advice.

Singapore Food Holdings Limited

新加坡美食控股有限公司

(Incorporated in the Cayman Islands with limited liability)

LISTING ON GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	:	60,000,000 Shares (subject to the Offer Size Adjustment Option)
Number of Public Offer Shares	:	6,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	54,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option)
Offer Price	:	Not more than HK\$1.1 per Offer Share and expected to be not less than HK\$0.9 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars, subject to refund on final pricing)
Nominal value	:	HK\$0.01 per Share
Stock Code	:	8496

Sole Sponsor

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CORPORATE FINANCE, LIMITED

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Joint Global Coordinators, Joint
Bookrunners and Joint Lead Managers

Joint Bookrunners and
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EMPERIO SECURITIES AND ASSETS MANAGEMENT LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by an agreement between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date which is expected to be on or about Friday, 8 May, 2020 or such later date as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and in any event, not later than Monday, 11 May, 2020. The Offer Price will not be more than HK\$1.1 per Offer Share and is expected to be not less than HK\$0.9 per Offer Share. Applicants for the Public Offer Shares are required to pay, on application, the maximum Offer Price of HK\$1.1 for each Offer Share together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price finally determined is lower than HK\$1.1 per Offer Share (the maximum Offer Price). If, for any reason, our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by Monday, 11 May, 2020, the Share Offer will not proceed and will lapse.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and, or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, notices of reduction in the number of Offer Shares and, or the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.proofer.com.sg. Further details are set out in the sections headed "STRUCTURE AND CONDITIONS OF THE SHARE OFFER" and "HOW TO APPLY FOR THE PUBLIC OFFER SHARES" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "RISK FACTORS" in this prospectus.

Prospective investors of the Share Offer should note that the Joint Global Coordinators (for themselves and on behalf of the Underwriters) shall have the absolute discretion to terminate their obligations under the Public Offer Underwriting Agreement by notice in writing to our Company with immediate effect if any of the events set forth in the section headed "UNDERWRITING — Underwriting arrangements and expenses — Public Offer — Grounds for termination" in this prospectus occurs at any time prior to 8:00 a.m. on the Listing Date (which is currently expected to be Monday, 18 May, 2020).

The Offer Shares have not and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with Regulations S of the U.S. Securities Act.

No information on any website forms part of this prospectus.

Wednesday, 29 April, 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is by publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at www.hkexnews.hk in order to obtain up-to-date information on GEM-listed issuers.

EXPECTED TIMETABLE

If there is any change in the following expected timetable, we will issue an announcement on the respective website of our Company at www.proofer.com.sg and the Stock Exchange at www.hkexnews.hk.

2020 ⁽¹⁾

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from 9:00 a.m. on
Wednesday, 29 April,

Latest time to complete electronic applications under
eWhite Form services through the designated

website www.ewhiteform.com.hk ⁽³⁾ and ⁽⁴⁾ 11:30 a.m. on
Wednesday, 6 May,

Application lists for Public Offer open ⁽²⁾ 11:45 a.m. on
Wednesday, 6 May,

Latest time to: (i) lodge **WHITE** and **YELLOW**

Application Forms; (ii) give **electronic application**
instructions to HKSCC ⁽⁵⁾; and

(iii) complete payment of **eWhite Form**
applications by effecting PPS payment transfer(s) ⁽³⁾ and ⁽⁴⁾ 12:00 noon on
Wednesday, 6 May,

Application lists for Public Offer close ⁽²⁾ 12:00 noon on
Wednesday, 6 May,

Expected Price Determination Date ⁽⁶⁾ Friday, 8 May,

Announcement of the final Offer Price, the level

of indication of interest in the Placing, level of
applications in the Public Offer and basis of
allocations of the Public Offer Shares under the
Public Offer to be published on our Company's website
at www.proofer.com.sg and the website of the
Stock Exchange at www.hkexnews.hk on or before Friday, 15 May,

Announcement of results of allocations in the Public Offer

(with successful applicants' identification document or
business registration numbers, where appropriate)
to be available through a variety of channels as
described in the section headed "HOW TO APPLY FOR
THE PUBLIC OFFER SHARES — 11. Publication of results"
in this prospectus from Friday, 15 May,

EXPECTED TIMETABLE

Results of allocations in the Public Offer will be available at www.ewhiteform.com.hk/results with a “search by ID” function from Friday, 15 May,

Despatch/collection of Share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before ^{(7), (8), (9) and (10)} Friday, 15 May,

Despatch of e-Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before ⁽¹¹⁾ Friday, 15 May,

Dealings in Shares on GEM expected to commence at 9:00 a.m. on Monday, 18 May,

The application lists of the Public Offer will close on Wednesday, 6 May, 2020. The application monies (including brokerage fee, SFC transaction levy and Stock Exchange trading fee) will be held by the receiving bank on behalf of our Company and the refund monies, if any, will be returned to the applicant(s) without interest on the ninth day after the application lists of the Public Offer close (i.e. Friday, 15 May, 2020). Investors should be aware that the dealings in Shares on GEM are expected to commence on Monday, 18 May, 2020.

Notes:

1. All times and dates refer to Hong Kong local times and dates unless otherwise stated in this prospectus.
2. If there is a “black” rainstorm warning, or a tropical cyclone warning signal number 8 or above or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 6 May, 2020, the application lists will not open or close on that day. Please refer to the section headed “HOW TO APPLY FOR THE PUBLIC OFFER SHARES — 10. Effect of bad weather on the opening of the application lists” in this prospectus for further details.
3. Applicants will not be permitted to submit applications through the designated website at www.ewhiteform.com.hk after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained a payment reference number from the designated website prior to 11:30 a.m., they will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
4. Applicants who apply for the Public Offer Shares through the **eWhite Form** service should refer to the section headed “HOW TO APPLY FOR THE PUBLIC OFFER SHARES — 5. Applying through eWhite Form service” in this prospectus.
5. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “HOW TO APPLY FOR THE PUBLIC OFFER SHARES — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.

EXPECTED TIMETABLE

6. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Friday, 8 May, 2020 or such later date as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and in any event, not later than Monday, 11 May, 2020. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Monday, 11 May, 2020, the Share Offer will not proceed and will lapse.
7. Share certificates for the Public Offer Shares are expected to be issued on or about Friday, 15 May, 2020 but will only become valid certificates of title at 8:00 a.m. on Monday, 18 May, 2020 provided that: (i) the Share Offer has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with their respective terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk. If the Share Offer does not become unconditional or any of the Underwriting Agreements is terminated in accordance with its terms, we will make an announcement as soon as possible.
8. Applicants who have applied on **WHITE** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and are eligible to collect any refund cheques and share certificates in person, may do so from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, between 9:00 a.m. to 1:00 p.m. on Friday, 15 May, 2020. Applicants being individuals who are eligible for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who are eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporation's chop. Both individuals and representatives of corporations must produce, at the time of collection, identification and (where applicable) documents acceptable to the Hong Kong Branch Share Registrar at the time of collection.
9. Applicants who have applied on **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer may collect their refund cheques, if any, in person but may not elect to collect their share certificates which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
10. Uncollected Share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further details, applicants should refer to the section headed "HOW TO APPLY FOR THE PUBLIC OFFER SHARES — 14. Despatch/collection of share certificates and refund monies" in this prospectus.
11. e-Refund payment instructions/refund cheques will be issued in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further details are set out in the section headed "HOW TO APPLY FOR THE PUBLIC OFFER SHARES — 14. Despatch/collection of share certificates and refund monies" in this prospectus.

The above expected timetable is a summary only. You should read carefully the sections headed "STRUCTURE AND CONDITIONS OF THE SHARE OFFER" and "HOW TO APPLY FOR THE PUBLIC OFFER SHARES" in this prospectus for details of the structure and conditions of the Share Offer, including the conditions of the Share Offer and the procedures for application for the Public Offer Shares.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction other than Hong Kong or in any other circumstances. No action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective affiliates, directors, officers, employees, agents or representatives or any other person or party involved in the Share Offer.

The information contained on our Company's website at www.proofer.com.sg do not form part of this prospectus.

	<i>Page(s)</i>
CHARACTERISTICS OF GEM	i
EXPECTED TIMETABLE	ii
CONTENTS	v
SUMMARY	1
DEFINITIONS	18
GLOSSARY OF TECHNICAL TERMS	34
FORWARD-LOOKING STATEMENTS	35
RISK FACTORS	36
WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES	56

CONTENTS

	<i>Page(s)</i>
INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER	58
DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER	63
CORPORATE INFORMATION	68
INDUSTRY OVERVIEW	71
REGULATORY OVERVIEW	83
HISTORY, REORGANISATION AND CORPORATE STRUCTURE	99
BUSINESS	117
CONNECTED TRANSACTIONS	192
DIRECTORS AND SENIOR MANAGEMENT	195
SUBSTANTIAL SHAREHOLDERS	210
RELATIONSHIP WITH CONTROLLING SHAREHOLDERS	212
SHARE CAPITAL	215
CORNERSTONE INVESTOR	219
FINANCIAL INFORMATION	223
FUTURE PLANS AND USE OF PROCEEDS	298
UNDERWRITING	311
STRUCTURE AND CONDITIONS OF THE SHARE OFFER	321
HOW TO APPLY FOR THE PUBLIC OFFER SHARES	329
APPENDICES	
APPENDIX I — ACCOUNTANT'S REPORT	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION	II-1
APPENDIX III — SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW	III-1
APPENDIX IV — STATUTORY AND GENERAL INFORMATION	IV-1
APPENDIX V — DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION	V-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "RISK FACTORS" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this summary are defined in the sections headed "DEFINITIONS" and "GLOSSARY OF TECHNICAL TERMS" in this prospectus.

OVERVIEW

We are a fast-growing multi-brand Singapore-based food and beverage group that offers broad customer appeal. Our Group was ranked the seventh largest (in terms of revenue) artisanal bakery chain players in Singapore in the calendar year of 2018, and accounted for approximately 2.1% market share of the artisanal bakery chain industry. According to the Euromonitor Report, artisanal bakeries are bakery retail outlets that sell different types of bread and other bread-based products which are primarily sold on site of production for home consumption rather than immediate consumption. The largest group of consumers of artisanal bakery products is middle-income families. In contrast, bakery retailers in neighbourhood areas tend to offer products at more affordable prices to budget-conscious, low-to-middle income consumers.

The history of our Group can be traced back to 2013 when Mr. Aris Goh and Ms. Anita Chia, the spouse of Mr. Aris Goh, established our first bakery outlet under "Proofer" brand in Changi City Point, Singapore, with their personal savings. Since then, we continued to expand our artisanal bakery chain under our "Proofer" brand. Our central kitchen was established in 2017 to prepare the dough for our breads and bakery products (including cakes and loaves) for delivery to our bakery outlets and restaurants. We have diversified our business portfolio through the establishment of our first Japanese fast casual dining restaurant under our "Yuba Hut" brand in 2017. In 2018, we opened our first Western fast casual dining restaurant under our "Proofer" brand and our first Western fast casual dining restaurant with a healthy fast casual dining concept under our "Laura" brand. In the same year, we also further expanded our bakery chain by establishing our first bakery outlet under our "300 BC" brand. During the six-year period since inception and up to the Latest Practicable Date, we have expanded our network of bakery outlets and restaurants to a total of 26 food establishments operated under four self-owned brands, "Proofer", "300 BC", "Yuba Hut" and "Laura", which comprise:

- i. 16 artisanal bakery outlets under "Proofer" brand selling a wide selection of bakery products;
- ii. three bakery outlets under "300 BC" brand selling fresh bakery products, including breads and cakes at economical price;
- iii. five Japanese fast casual dining restaurants (comprising four eateries with seating available and one takeaway shop) under "Yuba Hut" brand. In addition, one of our "Yuba Hut" restaurants offers a unique dining experience where food is served to our customers through a miniature "bullet train" rail system;
- iv. one Western fast casual dining restaurant under "Proofer" brand with seating available for customers who want to enjoy our artisanal bakery products and light refreshment; and
- v. one Western fast casual dining restaurant under "Laura" brand serving our signature "protein bowls" and artisanal bakery products.

OUR NETWORK

All of our bakery outlets and restaurants are strategically located in commercial and residential developments of Singapore. Among our 26 food establishments, 21 of them are situated in Central Singapore, North East and South East districts of Singapore where major business areas and shopping malls are clustered. We have 24 bakery outlets and restaurants located near residential areas in Singapore. Our site selection focuses on high-traffic retail areas and convenient locations such as shopping malls and MRT stations.

SUMMARY

HISTORICAL CHANGES IN OUR BAKERY OUTLETS AND FAST CASUAL DINING RESTAURANTS

Bakery outlets

We set out below the movement in the number of our bakery outlets during the Track Record Period and up to the Latest Practicable Date:

	Number of artisanal bakery outlets operated under our "Proofer" brand	Number of bakery outlets operated under our "300 BC" brand	Total number of bakery outlets
As at 30 June, 2017	12	0	12
Additions of new bakery outlets during 2018 financial year	1	1	2
Closure of bakery outlets during 2018 financial year	(2)	0	(2)
As at 30 June, 2018	11	1	12
Additions of new bakery outlets during 2019 financial year	5	2	7
Closure of bakery outlets during 2019 financial year	(1)	0	(1)
As at 30 June, 2019	15	3	18
Additions of new bakery outlets during the four months ended 31 October, 2019	0	0	0
Closure of bakery outlets during the four months ended 31 October, 2019	0	0	0
As at 31 October, 2019	15	3	18
As at the Latest Practicable Date	16	3	19

During the Track Record Period and up to the Latest Practicable Date, we closed three "Proofer" artisanal bakery outlets upon expiration of the leases due to their unsatisfactory performance.

Fast casual dining restaurants

We set out below the movement in the number of our restaurants during the Track Record Period and up to the Latest Practicable Date:

	Number of restaurants operated under our "Yuba Hut" brand	Number of restaurants operated under our "Laura" brand	Number of restaurants operated under our "Proofer" brand	Total number of restaurants
As at 30 June, 2017	2	0	0	2
Additions of new restaurants during 2018 financial year	2	1	0	3
Closure of restaurants during 2018 financial year	0	0	0	0
As at 30 June, 2018	4	1	0	5
Additions of new restaurants during 2019 financial year	2	0	1	3
Closure of restaurants during 2019 financial year	0	0	0	0
As at 30 June, 2019	6	1	1	8
Additions of new restaurants during the four months ended 31 October, 2019	0	0	0	0
Closure of restaurants during the four months ended 31 October, 2019	0	0	0	0
As at 31 October, 2019	6	1	1	8
As at the Latest Practicable Date	5	1	1	7

During the Track Record Period and up to the Latest Practicable Date, we closed a "Yuba Hut" Japanese fast casual dining restaurant upon expiration of the lease because the landlord decided to increase the rent significantly.

SUMMARY

Same Store Sale — Sales of our bakery outlets and restaurants that were in operation during the entire financial year/period

	FY2018 S\$	FY2019 S\$	Movement %
“Proofer” artisanal bakery outlets			
1. Chinatown Point	324,442	468,451	44.4
2. Sun Plaza	471,062	483,657	2.7
3. Tanjong Pagar Centre	1,073,839	1,146,206	6.7
4. Changi City Point	319,532	348,762	9.1
5. Heartland Mall	1,071,221	980,916	(8.4)
6. Tampines 1	758,547	618,220	(18.5)
7. Compass One	1,051,356	1,091,076	3.8
8. Seletar Mall	408,427	416,424	2.0
9. Hillion Mall	1,044,904	1,129,296	8.1
Subtotal	6,523,330	6,683,008	2.4
“Yuba Hut” restaurants			
1. Hillion Mall	687,768	738,130	7.3
2. Heartland Mall	811,589	848,480	4.5
Subtotal	1,499,357	1,586,610	5.8
Total	8,022,687	8,269,618	3.1

Note: All of our “300 BC” bakery outlets, “Proofer” restaurant and “Laura” restaurant commenced business during 2018 financial year and 2019 financial year and are therefore excluded from the table above.

Based on the increased number of transactions, our Directors believe that the same store sales of Proofer (Chinatown Point) increased 44.4% largely due to the increase in customer traffic flow in Chinatown Point. Our Directors also believe that the same store sales of Proofer (Tampines 1) decreased 18.5% as a result of intensified competition.

	Four months ended 31 October, 2018 S\$	Four months ended 31 October, 2019 S\$	Movement %
“Proofer” artisanal bakery outlets			
1. Changi City Point	93,523	88,988	(4.8)
2. Tampines 1	205,279	168,244	(18.0)
3. Seletar Mall	120,281	124,989	3.9
4. Sun Plaza	150,383	148,980	(0.9)
5. Chinatown Point	116,249	124,086	6.7
6. Heartland Mall	323,013	312,146	(3.4)
7. Compass One	371,426	320,841	(13.6)
8. Tanjong Pagar Center	375,984	374,905	(0.3)
9. Hillion Mall	356,923	352,148	(1.3)
10. Northpoint City	145,958	190,094	30.2
Subtotal	2,259,019	2,205,421	(2.4)
“300 BC” bakery outlet			
1. Century Square	121,695	106,035	(12.9)
Subtotal	121,695	106,035	(12.9)
“Yuba Hut” restaurants			
1. Hillion Mall	207,090	229,557	10.8
2. Heartland Mall	239,398	280,190	17.0
3. Northpoint City	208,631	245,793	17.8
4. Junction 8	79,930	66,738	(16.5)
Subtotal	735,049	822,278	11.9
“Laura” restaurant			
1. Laura Café	245,016	287,695	17.4
Subtotal	245,016	287,695	17.4
Total	3,360,779	3,421,429	1.8

Note: Our “Proofer” restaurant was opened during the four months ended 31 October, 2018 and is therefore excluded from the table above.

SUMMARY

As shown in the table above, our 11 bakery outlets and five restaurants which were in operation during the entire four months ended 31 October, 2018 and 2019 achieved a combined same store growth rate of approximately 1.8%.

During the four months ended 31 October, 2019, the aggregate same store sales of our:

- (a) "Proofer" artisanal bakery outlets decreased by approximately S\$0.1 million, or 2.4% to S\$2.2 million;
- (b) "300 BC" bakery outlet decreased by S\$15,660, or 12.9%;
- (c) "Yuba Hut" restaurants increased by S\$87,229, or 11.9%; and
- (d) "Laura" restaurant increased by S\$42,679, or 17.4%,

compared with the same period in 2018. Such decrease referred to in (a) and (b) above is mainly due to:

- (i) reduced customer traffic flow at three shopping malls, namely, Tampines 1, Changi City Point and Century Square (in which three of our said outlets were located) after the opening of Jewel Changi, a new megamall in April, 2019 in the east side of Singapore, and which attracted both local and overseas visitors. The revenue of Proofer (Tampines 1), Proofer (Changi City Point) and 300 BC (Century Square) decreased by S\$37,035, by S\$4,535 and S\$15,660 respectively during the four months ended 31 October, 2019 compared to the same period in 2018;
- (ii) the decrease in revenue of Proofer (Compass One) by S\$50,585, or 13.6% principally as a result of the opening of a competitor within Compass One Mall; and
- (iii) the decrease in revenue of Proofer (Heartland Mall) by S\$10,867, or 3.4% largely due to an expansion of a competitor next to Heartland Mall.

During the four months ended 31 October, 2019, the revenue of Proofer (Sun Plaza), Proofer (Tanjong Pagar Center) and Proofer (Hillion Mall) remained stable and recorded marginal decrease of 0.9%, 0.3% and 1.3%, respectively.

Subject to the risks and uncertainties set out in the section headed "RISK FACTORS" in this prospectus, our Directors do not foresee the decrease in same store sales described above will continue going forward.

OPERATIONAL PERFORMANCE OF OUR BAKERY OUTLETS AND RESTAURANTS

	FY2018					FY2019				
	Revenue S\$	Average daily revenue per store S\$	Average Spending per transaction S\$	Operating profit S\$	Operating profit margin %	Revenue S\$	Average daily revenue per store S\$	Average Spending per transaction S\$	Operating profit S\$	Operating profit margin %
Bakery outlets										
"Proofer" brand	7,535,605	1,846	4.74	780,861	10.4	9,746,421	1,929	5.55	1,452,979	14.9
"300 BC" brand	2,199	1,099	4.62	(30,339)	—	1,221,958	1,428	3.58	92,844	7.6
Fast casual dining restaurants										
Japanese — "Yuba Hut" brand	1,976,483	2,074	35.27	210,059	10.6	3,541,570	2,028	36.84	704,363	19.9
Western — "Laura" and "Proofer" brands	77,016	4,279	10.61	(46,974)	—	1,809,418	2,538	8.51	686,401	37.9
Unallocated expenses				(23,676)					(27,681)	
Total/Average	9,591,303	1,897	5.80	889,931	9.3	16,319,367	1,950	6.78	2,908,906	17.8
	Four months ended 31 October, 2018					Four months ended 31 October, 2019				
	Revenue S\$	Average daily revenue per store S\$	Average Spending per transaction S\$	Operating profit S\$	Operating profit margin %	Revenue S\$	Average daily revenue per store S\$	Average Spending per transaction S\$	Operating profit S\$	Operating profit margin %
Bakery outlets										
"Proofer" brand	2,649,597	1,781	4.70	107,965	4.1	3,018,848	1,636	4.95	213,832	7.1
"300 BC" brand	248,541	1,255	3.44	5,266	2.1	467,006	1,266	3.07	16,653	3.6
Fast casual dining restaurants										
Japanese — "Yuba Hut" brand	735,049	1,494	30.94	20,154	2.7	1,319,374	1,788	34.90	133,009	10.1
Western — "Laura" and "Proofer" brands	503,970	2,201	7.07	55,535	11.0	583,336	2,371	7.25	103,827	17.8
Unallocated expenses				(20,837)					(21,340)	
Total/Average	4,137,157	1,719	5.66	168,083	4.1	5,388,564	1,685	6.12	445,981	8.3

SUMMARY

Our revenue increased significantly by 70.1% year-on-year to approximately S\$16.3 million for 2019 financial year as a result of (i) improvement in same-store sales of most of our bakery outlets and restaurants; (ii) opening of seven new bakery outlets in 2019 financial year; and (iii) the opening of new bakery outlets and restaurants at the end of 2018 financial year, and which generated full-year sales in 2019 financial year.

For the four months ended 31 October, 2019, our revenue increased 30.2% to S\$5.4 million, compared to the corresponding period in 2018 due to the increase in same store sales of our restaurants and the opening of six new bakery outlets and restaurants between November 2018 and March 2019.

Our operating profit posted a year-on-year increase of 226.9% to approximately S\$2.9 million in 2019 financial year, and an increase of 165.3% during the four months ended 31 October, 2019 compared with the corresponding period in 2018.

Operating profit margin increased from 9.3% for 2018 financial year to 17.8% for 2019 financial year, and from 4.1% for the four months ended 31 October, 2018 to 8.3% for the corresponding period in 2019 as we expand of our scale of operations and benefit from economies of scale and increased bargaining power to negotiate better price and terms with our suppliers.

Operating profit margin of our “Yuba Hut” restaurants increased to 19.9% for 2019 financial year as a result of:

- (i) improvement in same-store sales;
- (ii) opening of new restaurants in 2019 financial year, including Yuba Hut (White Sands) which adopts a miniature “bullet train” concept and a different menu, generating higher operating profit margin; and
- (iii) the opening of Yuba Hut (Junction 8) at the end of 2018 financial year and which generated full-year sales in 2019 financial year.

The number of customer visits to four of our “Proofer” bakery outlets and two “300 BC” bakery outlets located in the east side of Singapore decreased with the opening of a new megamall nearby which may have attracted more customers, leading to lower customer traffic in the mall which housed our bakery outlets.

Our average daily revenue per store increased 2.8% to S\$1,950 for 2019 financial year compared to the corresponding period in 2018 because of

- (i) changes in product mix via constant innovation of new products;
- (ii) increased advertising and marketing efforts; and
- (iii) revisions to menus.

For the four months ended 31 October, 2019, our average daily revenue per store decreased by approximately 2.0% to S\$1,685 mainly due to a decrease in customer traffic flow of some of our outlets located in the east side of Singapore as a result of the opening of a new megamall in the area.

Our customers’ spending per transaction increased 16.9% to S\$6.78 for 2019 financial year (2018: S\$6.12), largely as a result of

- (i) the opening of *Proofer* (United Square) that charges higher food prices than other “Proofer” bakery outlets; and
- (ii) changes in the menu of *Laura* brand restaurant which includes higher priced products.

Our customers’ spending per transaction increased to \$6.12 for the four months ended 31 October, 2019 (2018: S\$5.66) due to:

- (i) changes in product mix via constant innovation of new products;
- (ii) increased advertising and marketing efforts; and
- (iii) revisions to menus.

SUMMARY

OUR CUSTOMERS

Our customers are mainly retail customers from the general public for both of our bakery outlets and restaurants. We aim to make quality bakery products and cuisine food items at affordable prices for customers of different income levels.

OUR SUPPLIERS AND RAW MATERIALS

Our major raw materials are various food ingredients used in our food products. We source our major raw food ingredients including flour, eggs, rice, raw fishes, meat from various countries, such as, Malaysia, Australia, Norway, Japan and Korea through local distributors. As at the Latest Practicable Date, we maintained a panel of over 20 suppliers of food ingredients pre-approved by our management to ensure the stability in the supply of quality food ingredients. During the Track Record Period and up to the Latest Practicable Date, we generally procured supplies through individual orders and we had not entered into any long-term supply contracts with our pre-approved suppliers.

For 2018 financial year, 2019 financial year and the four months ended 31 October, 2019, the aggregate amount of our purchases from our five largest suppliers represented approximately 65.5%, 63.9% and 60.4% of our total amount of raw materials and consumables used, respectively, and the amount of purchase from our largest supplier represented approximately 22.0%, 21.2% and 22.0% of our total amount of raw materials and consumables used for the same periods, respectively.

PRICING POLICY

We take into consideration the costs of raw materials and consumables and target profit margin in pricing our products. Bakery products offered at our “Proofer” and “300 BC” bakery outlets and Western fast casual dining restaurants are priced differently based on their respective brand concepts and target customers. Our food products offered at our Western and Japanese fast casual dining restaurants are sold at varying prices. Our management regularly reviews our menus and adjust the menu prices in response to the fluctuations in our costs of raw materials and consumables, operating costs and the general market trends.

OUR BUSINESS STRATEGIES

We plan to enhance our market position in the food and beverage industry in Singapore and become one of the largest artisanal bakery chain retailers in Singapore through the execution of the following business strategies:

- (i) pursue new artisanal bakery outlets and fast casual dining restaurants development;
- (ii) upgrade our central kitchen and set up a new cake room to support our existing operation and future expansion;
- (iii) expand our workforce and purchase a lorry for products delivery;
- (iv) enhance marketing activities to heighten brand awareness; and
- (v) automate inventory management, human resources and accounting systems.

OUR COMPETITIVE STRENGTHS

We believe our competitive strengths are:

- (i) our bakery outlets and restaurants are strategically located in shopping centres and MRT stations in both business and residential districts of Singapore;
- (ii) we produce new, innovative and quality products regularly;
- (iii) we have an experienced management team; and
- (iv) our central kitchen and standardised operations support our existing business and future growth.

KEY RISK FACTORS

We believe that we are subject to certain risks and uncertainties relating to our business, industry, conducting businesses in Singapore as well as risks associated with the Listing. Our key risk factors include:

- (i) inability to maintain our historical revenue and profitability given our limited operating history;

SUMMARY

- (ii) the outbreak of Coronavirus or any other communicable disease could adversely affect our operations;
- (iii) adverse publicity and damages to our brands could impair our business and financial results to a considerable degree;
- (iv) risks in relation to rental increases and we may not be able to obtain attractive locations for our expansion or to renew leases of our existing premises on acceptable terms or at all, and we may be subject to change in tenant mix of a shopping mall where our outlets are located, and unexpected building closures or demolitions;
- (v) our reliance on our central kitchen to supply dough and certain bakery products to our bakery outlets and restaurants. Any material or prolonged disruption in the operation of our central kitchen could harm our business and financial results;
- (vi) inability to renew our food menu or adapt to changes in consumer preferences or discretionary spending in a timely manner or at all;
- (vii) inability to fully implement our future plans and the new bakery outlets and restaurants that we plan to open may not achieve the profitability that we anticipate;
- (viii) susceptibility to foodborne illness incidents and we may be exposed to litigation and negative publicity, which can cause customers to avoid our products and reduce our revenue and profitability; and
- (ix) the food and beverage industry in Singapore being highly competitive with low entry barrier, and our performances may be adversely affected if we lose our competitiveness.

SUMMARY OF OUR COMBINED FINANCIAL INFORMATION

Below is a summary of our Group's key operational and financial results during the Track Record Period which has been extracted from and should be read in conjunction with the Accountant's Report in Appendix I to this prospectus:

Highlights of combined statements of other comprehensive income

	FY2018 S\$	FY2019 S\$	Four months ended 31 October, 2018 S\$ (unaudited)	Four months ended 31 October, 2019 S\$
Revenue	<u>9,591,303</u>	<u>16,319,367</u>	<u>4,137,157</u>	<u>5,388,564</u>
Profit/(loss) before income tax	<u>917,531</u>	<u>1,712,050</u>	<u>171,768</u>	<u>(767,710)</u>
Profit/(loss) and total comprehensive income/(loss) for the year/period attributable to the owners of our Company	<u>861,174</u>	<u>1,451,338</u>	<u>201,704</u>	<u>(769,691)</u>

Revenue

The following table shows our revenue breakdown by segments for the year/period indicated:

	FY2018 S\$	FY2019 S\$	Four months ended 31 October, 2018 S\$	Four months ended 31 October, 2019 S\$
Bakery outlets	7,537,804	10,968,379	2,898,138	3,485,854
Fast casual dining restaurants				
— Japanese	1,976,483	3,541,570	735,049	1,319,374
— Western	<u>77,016</u>	<u>1,809,418</u>	<u>503,970</u>	<u>583,336</u>
Total revenue	<u>9,591,303</u>	<u>16,319,367</u>	<u>4,137,157</u>	<u>5,388,564</u>

SUMMARY

Our net profit after tax increased from approximately S\$0.9 million for 2018 financial year to approximately S\$1.5 million for 2019 financial year largely as a result of (i) our increase in revenue due to the opening of 10 new stores in 2019 financial year; (ii) the benefits of economies of scale from bulk purchase and production; and (iii) cost savings through the use of our central kitchen.

Our net profit after tax decreased from approximately S\$0.2 million for the four months ended 31 October, 2018 to net loss after tax of approximately S\$0.8 million for the four months ended 31 October, 2019 largely as a result of the incurrence of Listing Expenses totalling S\$1.2 million during the four months ended 31 October, 2019.

The adoption of IFRS 16 gives rise to the following impact on certain financial statement line items in our combined statements of comprehensive income as shown below:

	FY2018	FY2019	Four months ended 31 October, 2019	FY2018	FY2019	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$	S\$	S\$
	Profit before tax			Depreciation of right-of-use		
As if reported under IAS 17	1,228,512	2,208,492	(587,204)	—	—	—
Currently reported under IFRS16	<u>917,531</u>	<u>1,712,050</u>	<u>(767,710)</u>	<u>2,141,230</u>	<u>3,846,261</u>	<u>1,420,081</u>
Difference	<u>(310,981)</u>	<u>(496,442)</u>	<u>(180,506)</u>	<u>2,141,230</u>	<u>3,846,261</u>	<u>1,420,081</u>
	Other expenses			Finance cost		
As if reported under IAS 17	2,947,624	5,045,168	1,905,793	18,053	61,408	36,756
Currently reported under IFRS16	<u>502,810</u>	<u>652,111</u>	<u>299,773</u>	<u>632,618</u>	<u>1,104,646</u>	<u>403,201</u>
Difference	<u>(2,444,814)</u>	<u>(4,393,057)</u>	<u>(1,606,020)</u>	<u>614,565</u>	<u>1,043,238</u>	<u>366,445</u>

Highlights of combined statements of financial position

	As at 30 June, 2018	2019	As at 31 October, 2019
	S\$	S\$	S\$
Non-current assets	15,627,833	20,858,562	19,412,912
Current assets	3,749,929	8,492,621	8,236,831
Non-current liabilities	11,518,065	15,446,438	13,837,961
Current liabilities	4,257,087	8,750,797	8,080,025
Net current (liabilities)/assets	(507,158)	(258,176)	156,806

We recorded net current liabilities of approximately S\$0.5 million and S\$0.3 million as at 30 June, 2018 and 2019, respectively. Our net current liabilities positions as at 30 June, 2018 and 2019 were primarily attributable to the recognition of our lease liabilities as part of our current liabilities in accordance with the adoption of IFRS 16. Accordingly, all our future rent payments are recognised as non-current assets (being the rights-of-use assets) together with current and non-current financial liabilities (being lease liabilities).

We recorded net current assets of approximately S\$0.2 million as at 31 October, 2019 largely due to receipt of proceeds of HK\$7.0 million on 5 September, 2019 from issue of shares pursuant to the subscription agreement (as supplemented on 22 July, 2019) in respect of the Pre-IPO Investment.

SUMMARY

The adoption of IFRS 16 gives rise to the following impact on key financial statement line items in our combined statement of financial position as shown below:

	Right-of-use assets			Lease liabilities			Net assets		
	As at 30 June,		As at	As at 30 June,		As at	As at 30 June,		As at
	2018	2019	31 October, 2019	2018	2019	31 October, 2019	2018	2019	31 October, 2019
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
As if reported under IAS 17	—	—	—	—	—	—	4,327,298	6,366,792	7,083,443
Currently reported under IFRS16	12,800,382	16,881,143	15,499,930	13,280,672	17,707,869	16,499,779	3,602,610	5,153,948	5,731,757
Difference	12,800,382	16,881,143	15,499,930	13,280,672	17,707,869	16,499,779	(724,688)	(1,212,844)	(1,351,686)

Highlights of combined statements of cash flows

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Operating profit before working capital changes	4,027,507	7,193,957	1,767,252	1,295,584
Changes in working capital	(417,848)	1,304,420	470,602	479,762
Income tax paid	—	(32,464)	—	—
Net cash generated from operating activities	3,609,659	8,465,913	2,237,854	1,775,346
Net cash used in investing activities	(2,246,580)	(3,983,914)	(954,183)	(1,336,442)
Net cash used in financing activities	(1,294,331)	(2,445,405)	(1,123,814)	(1,069,927)
Net increase/(decrease) in cash and cash equivalents	68,748	2,036,594	159,857	(631,023)
Cash and cash equivalents at beginning of the year	702,814	771,562	771,562	2,792,845
Effects of currency translation on cash and cash equivalents	—	(15,311)	—	(6,983)
Cash and cash equivalents at the end of the year/period	771,562	2,792,845	931,419	2,154,839

For 2018 financial year, our Group had net cash generated from operating activities of approximately S\$3.6 million. Our cash generated before changes in working capital was approximately S\$4.0 million. The net negative change in working capital included an increase in trade and other receivables, deposits and prepayments of approximately S\$0.8 million which largely represented increased rental deposits paid for new bakery outlets and restaurants opened during 2018 financial years, an increase in inventories of S\$87,109 and increase in trade and other payable of approximately S\$0.5 million.

For 2019 financial year, our Group had net cash generated from operating activities of approximately S\$8.5 million. Our cash generated before changes in working capital was approximately S\$7.2 million. The net positive change in working capital included an increase in trade and other payables of approximately S\$1.3 million as we prolonged our settlement period of trade payables due to suppliers during the period.

For the four months ended 31 October, 2019, our Group had net cash generated from operating activities of approximately S\$1.8 million. Our cash generated before changes in working capital was approximately S\$1.3 million. The net positive change in working capital of approximately S\$0.5 million was mainly due to an increase in trade and other payables of approximately S\$0.5 million.

SUMMARY

The adoption of IFRS 16 gives rise to the following impact items in our combined statements of cash flows as shown below:

	Net cash from operating activities			Net cash used in financing activities		
	FY2018	FY2019	Four months ended 31 October, 2019	FY2018	FY2019	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$	S\$	S\$
As if reported under IAS 17	1,164,845	4,105,320	169,326	1,150,483	1,947,652	536,093
Currently reported under IFRS16	<u>3,609,659</u>	<u>8,498,377</u>	<u>1,775,346</u>	<u>(1,294,331)</u>	<u>(2,445,405)</u>	<u>(1,069,927)</u>
Difference	<u>2,444,814</u>	<u>4,393,057</u>	<u>1,606,020</u>	<u>(2,444,814)</u>	<u>(4,393,057)</u>	<u>(1,606,020)</u>

SUMMARY OF KEY FINANCIAL RATIOS

The following table summarises (a) our key financial ratios during the Track Record Period and should be read in conjunction with the Accountant's Report in Appendix I to this prospectus; and (b) non-IFRSs financial information because our Directors consider these supplemental measures to be helpful for investors and other interested parties to assess the profitability of our business operation.

Profitability ratios	FY2018	FY2019	Four months ended 31 October, 2019
Net profit margin (%)	9.0	8.9	N/A
Return on equity (%)	23.9	28.2	N/A
Return on total assets (%)	<u>4.4</u>	<u>4.9</u>	<u>N/A</u>
Non-IFRSs measures			
Profit/(loss) for the year/period (S\$)	861,174	1,451,338	(769,691)
Adjustments:			
Listing expenses (S\$)	—	1,279,667	1,174,908
Adjusted profit for the year (S\$)	861,174	2,731,005	405,217
Adjusted net profit margin (%) ^(Note)	<u>9.0</u>	<u>16.7</u>	<u>7.5</u>

Note: Non-recurrent listing expenses for FY2018, FY2019 and the four months ended 31 October, 2019 were added back in calculating the adjusted net profit margin.

Liquidity ratios	As at 30 June, 2018	2019	As at 31 October, 2019
Current ratio (times)	0.88	0.97	1.02
Quick ratio (times)	0.86	0.96	1.00
Gearing ratio (%)	<u>21.6</u>	<u>30.4</u>	<u>17.5</u>

LITIGATION AND REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, none of the members of our Group was involved in, or aware of any pending or threatened legal proceedings, claims or arbitration which would have a material adverse effect on our business, results of operations, financial condition or reputation.

Our Directors and our Singapore Legal Advisers have confirmed that during the Track Record Period and up to the Latest Practicable Date, we have obtained all material licences, permits and registrations required for carrying out our business activities. Save for the non-compliance incidents disclosed in the section headed "BUSINESS — Non-compliance matters" in this prospectus, our Group has complied in all material respects with the applicable laws and regulations in Singapore during the Track Record Period and up to the Latest Practicable Date.

SUMMARY

SHAREHOLDERS INFORMATION

Our Controlling Shareholders

Immediately following the completion of the Share Offer and without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, AA Food Holdings, Mr. Aris Goh and Ms. Anita Chia will be regarded as our Controlling Shareholders under the GEM Listing Rules. Mr. Aris Goh and Ms. Anita Chia are co-founders of our Group and executive Directors.

Pre-IPO investment

On 28 March, 2019, the Pre-IPO Investor entered into a subscription agreement with AA United Holdings and AA Food Holdings whereby the Pre-IPO Investor agreed to subscribe for 75 ordinary shares of AA United Holdings at the consideration of HK\$7,500,000 or the equivalent amount in Singapore dollars (the “**Subscription**”), which was arrived at after arm’s length negotiations with reference to the net profit of our Group in the 12-month period immediately preceding 28 March, 2019.

On 22 July, 2019, the Pre-IPO Investor entered into a supplemental subscription agreement with AA United Holdings and AA Food Holdings pursuant to which the parties thereto agreed that (i) the number of shares in the Subscription will be increased to 150 ordinary shares; and (ii) the consideration for the Subscription will be increased to HK\$15,000,000 or the equivalent amount in Singapore dollars.

SHARE OFFER STATISTICS

	Based on the Offer Price of HK\$0.9 per Share Offer	Based on the Offer Price of HK\$1.1 per Share Offer
Market capitalisation of our Shares ⁽¹⁾	HK\$216,000,000	HK\$264,000,000
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share ⁽²⁾	S\$0.05	S\$0.06
Unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share ⁽²⁾	HK\$0.30	HK\$0.34

Notes:

1. The calculation of the market capitalisation of our Shares is based on 240,000,000 Shares expected to be in issue immediately after completion of the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate and the Repurchase Mandate.
2. The unaudited pro forma adjusted combined net tangible assets of our Group attributable to owners of our Company per Share is calculated based on 240,000,000 Shares expected to be in issue immediately after completion of the Share Offer but does not take into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate.

LISTING EXPENSES

Listing expenses represent professional fees and other fees incurred in connection with the Listing. Assuming the Offer Size Adjustment Option is not exercised and the Offer Price of HK\$1.0 per Offer Share, being the mid-point of the indicative range of the Offer Price, the aggregate Listing expenses are expected to amount to approximately HK\$30.1 million, representing 50.2% of the gross proceeds of the Share Offer. For the Listing expenses, (i) approximately S\$2.0 million is directly attributable to the issue of Offer Shares which is to be accounted for as a deduction from equity; (ii) approximately S\$1.3 million and S\$1.2 million were recognised in our combined statements of comprehensive income for 2019 financial year and the four months ended 31 October, 2019, respectively; and (iii) approximately S\$0.8 million will be recognised in our combined statements of comprehensive income for the year ending 30 June, 2020 upon Listing.

SUMMARY

FUTURE PLANS AND USE OF PROCEEDS

We plan to enhance our market position in the food and beverage industry in Singapore and become a leading artisanal bakery and fast casual dining restaurant chain in Singapore. We believe our highly replicable business model and established brand names position us for continued strong growth over the medium and long-term. Accordingly, our Group's future growth depends on our ability to open and manage new bakery outlets and restaurants in Singapore. We plan to open five and four artisanal bakery outlets under "Proofer" brand and four new restaurants in each of the years ending 30 June, 2020 and 2021. The Western fast casual dining restaurant under "Proofer" brand in Clementi Mall and the Western fast casual dining restaurant under "Laura" brand in Change Alley Mall are expected to be opened in May, 2020. The upfront costs associated with their openings will be funded by our internal resources.

We estimate that the net proceeds of the Share Offer (after deducting underwriting fees and estimated Listing expenses in connection with the Share Offer) based on the Offer Price of HK\$1.0 per Offer Share, being the mid-point of the indicative Offer Price range, and assuming that the Offer Size Adjustment Option is not exercised, will be approximately HK\$29.9 million (equivalent to S\$5.2 million). We intend to apply such net proceeds for the following purposes:

- approximately HK\$22.5 million (equivalent to S\$3.9 million), representing approximately 75.2% of the net proceeds, will be used to open nine artisanal bakery outlets under "Proofer" brand, four Japanese fast casual dining restaurants under "Yuba Hut" brand, one Western fast casual dining restaurant under "Laura" brand and one Western fast casual dining restaurant under "Proofer" brand;
- approximately HK\$2.8 million (equivalent to S\$0.5 million), representing approximately 9.3% of the net proceeds, will be used to expand our workforce including hiring one operation manager for our existing central kitchen, three bakers, three chefs, one human resource executive, one account executive and one marketing manager;
- approximately HK\$2.7 million (equivalent to S\$0.5 million), representing approximately 9.0% of the net proceeds, will be used to purchase machineries and equipment for our existing central kitchen and to set up a new cake room to accommodate our planned business expansion;
- approximately HK\$0.5 million (equivalent to S\$0.1 million), representing approximately 1.7% of the net proceeds, will be used to purchase a lorry for delivery of dough and bakery products (including cakes and loaves); and
- approximately HK\$1.4 million (equivalent to S\$0.3 million), representing approximately 4.8% of the net proceeds, will be utilised by our Group as general working capital.

The above allocation of the net proceeds of the Share Offer will be adjusted on a pro-rata basis in the event that the Offer Price is fixed below or above the mid-point of the indicative Offer Price range.

DIVIDENDS

For 2018 financial year and 2019 financial year, no dividend was declared or paid. On 31 October, 2019, we declared and paid dividend of S\$1.3 million to our Controlling Shareholders by way of offsetting against the amount due from Directors. The remaining amount due from Directors of S\$4.8 million as at 31 October, 2019 will be settled in full in cash of S\$0.6 million and in the form of dividend declared on 23 April, 2020 and paid to the Controlling Shareholders of S\$4.2 million.

Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. Our Group currently does not have a fixed dividend pay-out ratio. A decision to declare or to pay any dividend in the future and the amount of any dividends depends on a number of factors, including our financial performance, economic conditions, business strategies, the capital requirements, and other factors our Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all.

SUMMARY

RECENT DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the date of this prospectus, our business remained stable and there was no material change to our business model.

Yuba Hut (Hillion Mall) restaurant was closed in February, 2020. Our Group decided not to renew the lease of this restaurant because the landlord decided to increase the rent significantly, and which would impair the restaurant's profitability.

We plan to open five new "Proofer" bakery outlets and one "Yuba Hut" restaurant in June, 2020. As at the Latest Practicable Date, no tenancy offer had yet to be accepted by us in respect of these six new prospective stores.

We accepted a tenancy offer on 12 July, 2019 with an independent landlord for leasing a premises of 603 sq. ft. at Change Alley Mall, 30 Raffles Place in Singapore for a term of three years to open our second Western fast casual dining restaurant under "Laura" brand. The monthly base rent of the lease is S\$14,175.44 for the first year of the term. As at the Latest Practicable Date, Change Alley Mall was under refurbishment. Our Directors expect that the taking of possession of the premise and the operation of our new "Laura" restaurant will commence during the second quarter of 2020. Total estimated capital expenditure for opening this "Laura" restaurant amounts to approximately S\$0.1 million which will be funded by our internal resources.

We accepted a tenancy offer on 18 December, 2019 with an independent landlord for leasing a premise of 365 sq. ft. at Waterway Point, Punggol in Singapore for a term of two years to open our bakery outlet under "Proofer" brand during the first quarter of 2020. The monthly base rent is S\$12,008.5 for the first year of the term. Total capital expenditure for opening this bakery outlet amounted to approximately S\$0.1 million which was funded by our internal resources. Rental deposit of S\$39,420 had been paid by us. The outlet commenced its operation on 11 March, 2020 and generated unaudited revenue of S\$42,669 during the period from 11 March, 2020 to 14 April, 2020.

In addition to the above, we accepted a tenancy offer:

- (i) on 10 January, 2020 with an independent landlord for leasing a premise of 1,140 sq. ft. at the Rail Mall, Upper Bukit Timah Road in Singapore for a term of two years to open a new mixed concept restaurant in July, 2020, which will serve Japanese fast casual food under "Yuba Hut" concept and artisanal bakery products under "Proofer" concept. The monthly base rent is S\$9,576 for the first year of the term. Total estimated capital expenditure for opening this store amounts to approximately S\$0.2 million which will be funded by the net proceeds of the Share Offer. Rental deposit of S\$36,852 had been paid by us; and
- (ii) on 20 January, 2020 with an independent landlord for leasing a premise of 646 sq. ft. at the Clementi Mall, Commonwealth Avenue West in Singapore for a term of three years to open a restaurant under "Proofer" brand in May, 2020. The monthly base rent is S\$22,351.6 for the first year of the term. Total estimated capital expenditure for opening these bakery outlet and restaurant amounts to approximately S\$0.2 million which will be funded by our internal resources. Rental deposit of S\$75,813 had been paid by us.

Immediately after the Track Record Period and for the four months ended 29 February, 2020, we recorded unaudited revenue of approximately S\$6.3 million. During the four months ended 28 February, 2019, our unaudited revenue amounted to approximately S\$6.2 million. Such increase in revenue was largely driven by contribution from Proofer (POIZ Centre) which commenced its operation in March, 2019.

Subsequently from 1 March, 2020 to 14 April, 2020, we generated unaudited revenue from all our bakery outlets and restaurants of approximately S\$1.5 million, representing a decrease of 28.5% compared to revenue of approximately S\$2.0 million for the corresponding period in 2019. This decrease in store revenue was principally due to the various measures implemented by the Singapore government in March and April, 2020 to contain the outbreak of Coronavirus and which had led to reduction in customer traffic at certain shopping malls which housed some of our bakery outlets and restaurants. During the period from 1 March, 2020 to 14 April, 2020, (a) 12 of our bakery outlets and restaurants incurred unaudited operating loss totalling approximately S\$0.2 million before taking into account our entitlement to rental rebates, Jobs Support Scheme and foreign worker levy waivers offered by the Singapore government; and (b) four of our

SUMMARY

restaurants incurred unaudited operating losses totalling approximately S\$39,000 after taking into account our entitlement to rental rebates, Jobs Support Scheme and foreign worker levy waivers offered by the Singapore government.

Impact of the Coronavirus outbreak

To pre-empt the trend of increasing local transmission of Coronavirus in Singapore, the Singapore government has implemented an elevated set of safe distancing measures from 7 April, 2020 to 4 May, 2020 and which include:

- Except for those allowed to commute for work, Singapore residents and foreign workers should remain largely within their place of residence. They can still go out to buy meals or other essentials, or procure essential services, but should otherwise minimise time they spend outside.
- From 8 April, 2020 to 4 May, 2020, schools and institutes of higher learning will also shift to full home-based learning, while preschool and student care centres will suspend services. Private education institutions should also move to home-based learning, or suspend classes otherwise.
- All restaurants and other food and beverage outlets will remain open only for takeaway or delivery. Retail outlets that provide items and services necessary to support the daily living needs of the population will remain open. These include restaurants and food and beverage outlets (providing takeaway and delivery orders only) and their supporting operations (including central kitchen) such as outlets are considered to be offering essential services.
- All businesses, social or other activities that cannot be conducted through telecommuting from home will also be suspended from 7 April, 2020 to 4 May, 2020. Essential services and their related supply chains as well as entities that form a part of the global supply chain are exempted from the suspension.
- Entities providing essential services will need to operate with minimum staff needed on their premises to ensure the continued running of those services, and implement strict safe distancing measures. Social interactions, including during meal times, must be avoided. These firms may be required to suspend their operations should any of their staff working on the premises become infected.
- Entities such as restaurants and food and beverage outlets (providing takeaway and delivery orders only) and their supporting operations (including central kitchen) are permitted to continue to operate from their premises. They are required to submit details of their plans to operate with enhanced safe distancing measures in place to the Singapore government.

In compliance with the above measures, our Group has sought confirmations from the Ministry of Trade and Industry for all of our operating subsidiaries (except for Yuba Hut (Hillion) because the Directors have decided to suspend the operation of Yuba Hut (Junction 8) between 7 April, 2020 and 1 June, 2020) to continue our business operations from 7 April, 2020 to 4 May, 2020 and has been allowed to continue with its business operations until being informed otherwise. Our Group has also implemented enhanced safe distancing measures at each of our outlets and introduced new takeaway menus, promotions for baked products and bread delivery services.

On 21 April, 2020, the Singapore government announced that the elevated set of safe distancing measures will be extended until 1 June, 2020 and introduced further measures such as suspension of operations of less critical consumer services with effect from 23:59 hour on 21 April, 2020. Within the food and beverage sector, standalone outlets (excluding those in hawker centres, food courts and coffeeshops) that sell only beverages, packaged snacks, confectioneries or desserts will be required to close their outlets. However, all other food establishments, including those outlets that sell hot or cooked snacks or breads, are allowed to continue operations and may remain open for takeaway and delivery services only. Businesses which had earlier received approvals by the Ministry of Trade and Industry to operate during the original period of elevated safe distancing measures from 7 April, 2020 to 4 May, 2020 can continue operations until 1 June, 2020, unless notified otherwise by the Ministry of Trade and Industry. Our Directors have also confirmed that we have not received any notification from the Ministry of Trade and Industry to cease our business operation. Our bakery outlets and restaurants will therefore remain open for takeaway and delivery services.

SUMMARY

The Singapore government has introduced a number of measures to support domestic businesses, including:

- **Automatic Deferment of Corporate Income Tax Payments:** All companies will receive a corporate income tax rebate of 25%, capped at S\$15,000 for the year of assessment 2020. All companies with corporate income tax payments due in the months of April, May and June, 2020 will also be granted an automatic three-month deferment of these payments. Such payments that are deferred from April, May and June, 2020 will be collected in July, August and September, 2020 respectively.
- **Property Tax Measures:** Non-residential properties will be granted property tax rebate for the period 1 January, 2020 to 31 December, 2020. Commercial properties badly affected by Coronavirus like restaurants will receive a 100% rebate. Other non-residential properties such as offices will get a 30% rebate on their property tax payable. Under newly proposed legislation such as the Coronavirus (Temporary Measures) Bill, which was introduced to make landlords pass on the savings to their tenants, property owners who fail to do so unconditionally “without reasonable excuse” will be guilty of an offence and face fines of up to S\$5,000.
- **Enhanced Jobs Support Scheme (JSS):** The Jobs Support Scheme (JSS) was launched to help businesses retain their local employees during this period of uncertainty. The JSS was enhanced in March 2020, where eligible employers would receive a 25% cash grant (up from 8%) on the gross monthly wages of each local employee (Singapore Citizens and Permanent Residents) for the months of October to December 2019, subject to a monthly wage cap of S\$4,600 per employee. Higher tiers of support on top of the base rate of 25% will also be given to businesses in severely-affected sectors, including a 50% cash grant on gross monthly wages of each local employee for licensed food shops and food stalls, subject to a monthly wage cap of S\$4,600 per employee.

The JSS will also be extended to cover nine months of wages (up from three months), which will be paid in two additional tranches in July 2020 and October 2020.

The wage subsidy for all firms will be raised to 75% of gross monthly wages for the first S\$4,600 of wages paid to all local employees in April 2020.

- **Enhanced Rental Waivers:** Tenants and lessees of properties managed by government agencies in Singapore can request for more flexible rental payments like instalment plans. Eligible commercial tenants in government-owned or managed facilities would be given two months of rental waivers, up from half a month. The rental waiver for industrial, office and agricultural tenants of government agencies will be increased to one month (from half a month) as well.
- **Foreign Worker Levy:** The Singapore government announced on 6 April, 2020 a waiver of the foreign worker levy (“FWL”) due in April 2020 to help firms cut costs and improve their cashflow. Employers will also receive a one-off FWL rebate of S\$750 for each work permit or S Pass holder, based on previous levies paid in 2020. This is to enable employers to preserve their manpower in order to quickly resume operations after the elevated set of safe distancing measures have been lifted.
- **Food Delivery Booster Package:** The Singapore government has collaborated with key food delivery platforms such as Deliveroo, foodpanda and GrabFood to launch the Food Delivery Booster Package which from 7 April, 2020 to 4 May, 2020, will fund five percentage points of the commission cost charged by the three food delivery platforms.

The Singapore government has announced that it will subsidise 75% of the first S\$4,600 of the gross monthly wages for local workers for April, 2020, and that this will be further extended to May, 2020. Moreover, foreign worker levies due in May, 2020 will be waived, and another S\$750 rebate will be given to employers for each foreign worker hired. Our Group will be entitled to benefit from such wage support in respect of our local and foreign staff members.

Our Directors expect the following impact of Coronavirus and the elevated set of safe distancing measures introduced by the Singapore government on our operations and financial conditions:

- We temporarily closed our head offices and implemented work from-home policy beginning in April 2020 as suggested by the Singapore Government.
- We might suffer from reduced customer traffic due to the suspension of schools and private education institutions.

SUMMARY

- As we have 24 bakery outlets and restaurants located near residential areas in Singapore, the recent ban on dining-in will naturally increase customers' purchase of takeaway food items offered by our bakery outlets and, or restaurants as in general demand for take-away food items increases amid the Coronavirus outbreak. We have therefore introduced additional takeaway set meals at our premises.
- It is expected that our revenue for the four months ended 30 June, 2020 will be 33.4% and 28.1% lower than the original estimates and the actual revenue for the same period in 2019, respectively.
- We are entitled to benefit from the abovementioned mitigating measures and, in particular, rental rebates, Jobs support scheme and tax incentive, which are estimated to amount to approximately S\$1.5 million in total. Set out in the table below is the breakdown of the estimated amount of benefits and the months in which we expect to receive such benefits:

<i>approximately S\$'000</i>	March 2020	April 2020	May 2020	June 2020	July 2020	October 2020
Rental rebates	11	391	391	16	—	—
Jobs Support Scheme	—	180	87	—	174	116
Foreign Worker Levy	—	50	50	—	—	—
Total	11	621	528	16	174	116

As at the Latest Practicable Date, the Group received benefits from the Singapore government's mitigating measures totalling S\$0.6 million.

Our Directors are not aware of any conditions associated with the estimated amount of mitigating measures set out above as (i) landlords must pass on the property tax rebates to their tenants or else they will be guilty of an offence; and (ii) our Group's operating subsidiaries either have received or are expected to receive confirmation letters from the Inland Revenue Authority of Singapore, confirming our eligibility for benefits provided under the Jobs Support Scheme.

The Directors are of the view that the abovementioned measures, in particular the enhanced rental rebates and support provided for employers, will be effective in mitigating the adverse impact brought about by the outbreak of Coronavirus on the Group's operational and financial results.

Sensitivity Analysis

Case 1

Assuming the outbreak of Coronavirus continues and we will benefit from the government measures described above, and if our operations were to suspend temporarily from the day of Listing, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around six months. Our key assumptions include:

- (i) we will not generate any income due to the suspension of business;
- (ii) we will continue to incur lease payments on a monthly basis of approximately S\$0.5 million per month covering monthly lease payments for all stores, central kitchen and office;
- (iii) a minimal number of staff (being one staff for each bakery outlet or restaurant, two staff for the central kitchen, and two staff for back office operation) will be retained to maintain our operation at a cost of approximately S\$0.1 million per month);
- (iv) our plans to open new shops and purchase of machineries, equipment and lorry will be postponed indefinitely and there are no lease penalty due to the postponement to open new shops;
- (v) we will only utilise 4.8% of the net proceeds of the Share Offer allocated for working capital purpose (based on the Offer Price of HK\$0.9 per Offer Share);
- (vi) S\$0.6 million of the amounts due from Directors will be repaid in cash to the Group prior to Listing;
- (vii) other operating and administrative expenses will be kept at a minimum level (of approximately S\$0.1 million per month);
- (viii) there will be no internal or external financing from Shareholders or financial institutions; and
- (ix) no dividend will be declared and paid.

SUMMARY

Case 2

If the outbreak of Coronavirus continues and we benefit from the government measures described above from March, 2020 to October, 2020, and assuming our operations continue from the day of Listing, we expect that our cash reserves should be sufficient to satisfy our operational expenses for more than twelve months. Our key assumptions include:

- (i) our revenue will decrease 28.5% compared with the same period in the previous year and 28.5% lower compared to our original forecast revenue for the new stores;
- (ii) we benefit from the government measures described above from March, 2020 to October, 2020;
- (iii) S\$0.6 million of the amounts due from Directors will be repaid in cash to the Group prior to Listing;
- (iv) our proceeds from the Share Offer will be utilised as stated in the “FUTURE PLANS AND USE OF PROCEEDS” section in this prospectus; and
- (v) our aggregate estimated lease expense, staff costs and other operating and administrative expenses amount to approximately S\$1.2 million per month.

As part of our cost control measures, we have reduced the number of part-time workers at our bakery outlets and restaurants by an average of one to two workers per store, and discouraged our staff to work over-time since 7 April, 2020. The related cost savings are estimated to amount to approximately S\$50,000 per month.

While the elevated set of safe distancing measures introduced by the Singapore government may have affected the progress of renovation works at our new outlets, we are of the view that these measures and the outbreak of Coronavirus will not significantly impact our expansion plan as we still aggressively seek to set up more outlets. The Coronavirus outbreak presents an opportunity for our Group as some tenants have been moving out of premises and landlords are often more willing to offer competitive rental rates for the Group to secure ideal shop premises.

It is uncertain if the Singapore government will extend the safe distancing measures mentioned above if the number of Coronavirus infections escalates. If these measures were extended, it is expected that reduced customer traffic in shopping malls and outside MRT stations (where our bakery outlets and restaurants are generally located) will continue. Taking into account our cost control measures and government support totalling approximately S\$1.5 million as described above, our Directors are of the view that the safe distancing measures implemented by the Singapore government will not have any material adverse impact on our results in the near term.

If the Coronavirus pandemic escalates in the future, this will have a material adverse impact on our revenue for the year ending 30 June, 2020. If however, for illustration purpose only, before taking into account government support totalling some S\$1.5 million, and if the outbreak of the Coronavirus in Singapore continues and, or escalates, this will have a material adverse impact on our profitability for the year ending 30 June, 2020.

As at the Latest Practicable Date, our Group has not encountered any disruption or unusual inflation on price of raw materials purchased by our Group due to the outbreak of Coronavirus.

As at the Latest Practicable Date, our Directors confirm that none of our employees had contracted Coronavirus.

We expect to face uncertainty in our business outlook amid the Coronavirus epidemic affecting businesses in Singapore. As the spread and impact of the Coronavirus are still developing, it is premature and impracticable to precisely assess the duration, scale and extent of its impact on the Singapore economy and the likely overall impact on our performance in the future.

Our Group's financial results for the year ending 30 June, 2020 will be negatively affected by, amongst other things, (i) the incurrence of Listing expenses recognised; and (ii) the increase in staff costs and rental and related expenses as a result of the expansion of our bakery outlet and restaurant network. However, our Group expects to maintain positive net profits and net cash inflow from operations for the year ending 30 June, 2020 after taking into account the government support described above.

Save as aforesaid and as disclosed in the sub-section headed “Listing expenses and their effects on our financial performance” above and the non-recurring expenses relating to the Listing, and taking into account the estimated of cost savings and government support totalling approximately S\$1.5 million as described above, our Directors confirm that there had not been any material adverse changes to our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would materially and adversely affect our business operations or financial conditions.

DEFINITIONS

Unless the context otherwise requires, the following expressions and terms shall have the following meanings in this prospectus. Certain technical terms are explained in the section headed “GLOSSARY OF TECHNICAL TERMS” in this prospectus.

“2018 financial year” or “FY2018”	year ended 30 June, 2018
“2019 financial year” or “FY2019”	year ended 30 June, 2019
“300 BC Bakery”	300 BC Bakery Pte. Ltd., a company incorporated in Singapore with limited liability on 6 February, 2018 and an indirect wholly-owned subsidiary of our Company
“300 BC (Century Square)”	a self-operated bakery retail outlet operated by our Group under our “300 BC” brand located in 2 Tampines Central, 5 #B1–22, Century Square, Singapore 529509
“300 BC (Pioneer MRT)”	a self-operated bakery retail outlet operated by our Group under our “300 BC” brand located in 31 Jurong West Street 63 #02–02, Pioneer MRT Station, Singapore 648310
“300 BC (Simei MRT)”	a self-operated bakery retail outlet operated by our Group under our “300 BC” brand located in 30 Simei Street 3 #01–03, Simei MRT Station, Singapore 529888
“AA Food Holdings”	AA Food Holdings Limited, a company incorporated in the BVI with limited liability on 21 January, 2019 and owned by Mr. Aris Goh and Ms. Anita Chia in equal shares
“AA United Holdings”	AA United Holdings Limited, a company incorporated in the BVI with limited liability on 21 January, 2019 and a direct wholly-owned subsidiary of our Company
“Accountant’s Report”	the Accountant’s report on our Group set out in Appendix I to this prospectus
“Anglo Chinese” or “Sole Sponsor”	Anglo Chinese Corporate Finance, Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

DEFINITIONS

“Anita Bakery”	Anita Bakery Pte. Ltd. (formerly known as Anita Bakery Palour Pte. Ltd.), a company incorporated in Singapore with limited liability on 10 March, 2014 and an indirect wholly-owned subsidiary of our Company
“Application Form(s)”	WHITE, YELLOW and, or GREEN application form(s), or where the context so requires, any one or both of them, relating to the Public Offer
“Aris Gourmet”	Aris Gourmet Bakery Pte. Ltd., a company incorporated in Singapore with limited liability on 7 February, 2014 and an indirect wholly-owned subsidiary of our Company
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 24 April, 2020 to take effect from the Listing Date and as amended, supplemented and otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“AVA”	Agri-Food & Veterinary Authority of Singapore
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for business to the public
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 3. Written resolutions of the Shareholders passed on 24 April, 2020” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

DEFINITIONS

“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individual or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“close associate”	has the meaning ascribed thereto under the GEM Listing Rules
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Act”	the Companies Act (Chapter 50) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Singapore Food Holdings Limited (新加坡美食控股有限公司), a company incorporated on 16 May, 2019 under the laws of the Cayman Islands as an exempted company with limited liability
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules, and for the purpose of this prospectus, refers to AA Food Holdings, Mr. Aris Goh and Ms. Anita Chia
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Coronavirus”	also known as (COVID-19) and is an infectious disease caused by newly discovered coronavirus
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“CPF”	the Central Provident Fund of Singapore, a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
“CPF Act”	the Central Provident Fund Act (Chapter 36) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“Deed of Indemnity”	the deed of indemnity dated 24 April, 2020 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) regarding certain indemnities, details of which are set forth in the section headed “STATUTORY AND GENERAL INFORMATION — Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Transfer”	the deed of transfer dated 9 July, 2019 entered into among Ms. Anita Chia trading as Proofer Bakery & Pizzeria, Proofer Bakery and Ms. Anita Chia, pursuant to which Proofer Bakery & Pizzeria (as transferor) transferred its manufacturing and retail of confectionery and bakery products business to Proofer Bakery (as transferee) with effect from 9 July, 2019 at a consideration of S\$1.00
“Director(s)”	the director(s) of our Company
“Director-General of Public Health”	the Director-General of Public Health of the SFA
“EFMA”	the Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time

DEFINITIONS

“Employment Act”	the Employment Act (Chapter 91) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“electronic application instruction(s)”	the instructions given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Public Offer Shares
“EPHA”	the Environmental Public Health Act (Chapter 95) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“EPhR”	the Environmental Public Health (Food Hygiene) Regulations
“Euromonitor”	Euromonitor International Limited, an independent industry research consultant
“Euromonitor Report”	the independent industry report commissioned by us and issued by Euromonitor, the content of which is quoted in this prospectus
“ eWhite Form ”	the application for Public Offer Shares to be issued in applicant’s own name by submitting applications online through the designated website of eWhite Form
“ eWhite Form Service Provider”	the eWhite Form service provider designated by the Company, as specified on the designated website of eWhite Form at www.ewhiteform.com.hk
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage as announced by the government of Hong Kong
“Fire Safety Act”	the Fire Safety Act (Chapter 109A) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“food handler”	any assistant or employee of a licensee holding a Food Shop Licence who is engaged in the sale or preparation for sale of any food
“Food Shop Licence”	the licence to be issued by the Director – General of Public Health and the EPHA for the operation or use of a food establishment

DEFINITIONS

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“ GREEN Application Form(s)”	the form(s) of application to be completed by the eWhite Form Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at the relevant time, or the businesses acquired or operated by them or (as the case may be) their predecessors
“GST”	Goods and Services Tax of Singapore
“GST Act”	the Goods and Services Tax Act (Chapter 117A) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“HKICPA”	the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited
“HK\$”, “HKD” and “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Boardroom Share Registrars (HK) Limited, the branch share registrar of our Company in Hong Kong
“IFRSs”	the International Financial Reporting Standards

DEFINITIONS

“Independent Third Party(ies)”	person(s) or company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is or are not a connected person(s) of our Company within the meaning of the GEM Listing Rules
“Issue Mandate”	the general unconditional mandate granted to our Directors to allot, issue and deal with, whether pursuant to an option or otherwise, additional Shares, further details on which is set forth in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 3. Written resolutions of the Shareholders passed on 24 April, 2020” in Appendix IV to this prospectus
“Joint Bookrunners”	Elstone Securities Limited, CRIC Securities Company Limited, Zhongtai International Securities Limited and Emperio Securities And Assets Management Limited
“Joint Global Coordinators”	Elstone Securities Limited and CRIC Securities Company Limited
“Joint Lead Managers”	Elstone Securities Limited, CRIC Securities Company Limited, Zhongtai International Securities Limited and Emperio Securities And Assets Management Limited
“Latest Practicable Date”	20 April, 2020 being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Laura Baguette”	Laura Baguette Pte. Ltd., a company incorporated in Singapore with limited liability on 31 May, 2017 and an indirect wholly-owned subsidiary of our Company
“Laura Cafe”	Laura Cafe Pte. Ltd., a company incorporated in Singapore with limited liability on 9 April, 2019 and an indirect wholly-owned subsidiary of our Company
“Laura (Century Square)”	a self-operated restaurant operated by our Group under our “ <i>Laura</i> ” brand located in 2 Tampines Central, 5 #01–01/02, Century Square, Singapore 529509
“Laura Food Holdings”	Laura Food Holdings Limited, a company incorporated in the BVI with limited liability on 21 January, 2019 and an indirect wholly-owned subsidiary of our Company
“Listing”	the listing of the Shares on GEM

DEFINITIONS

“Listing Date”	the date on which dealings in the Shares on GEM first commence, which is expected to be on or about Monday, 18 May, 2020
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company conditionally adopted on 24 April, 2020 to take effect from the Listing Date and as amended, supplemented and otherwise modified from time to time, a summary of which is set out in Appendix III to this prospectus
“MOM”	the Ministry of Manpower of Singapore
“Mr. Aris Goh”	Mr. Goh Leong Heng Aris, chairman of our Board, an executive Director, a Controlling Shareholder, chief operating officer of our Group and the spouse of Ms. Anita Chia
“Mr. Yang”	Mr. Yang Fan (楊帆), a Substantial Shareholder
“MRT”	Mass Rapid Transit, the railway system of Singapore
“Ms. Anita Chia”	Ms. Anita Chia Hee Mei (Xie Ximei), an executive Director, a Controlling Shareholder, chief executive officer of our Group and the spouse of Mr. Aris Goh
“NEA”	the National Environment Agency of Singapore
“Offer Price”	the final offer price per Offer Share (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) which will not be more than HK\$1.1 per Offer Share and is expected to be not less than HK\$0.9 per Offer Share, such price to be determined in the manner as further described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus
“Offer Share(s)”	the Placing Share(s) and the Public Offer Share(s)

DEFINITIONS

“Offer Size Adjustment Option”	the option expected to be granted by our Company to the Placing Underwriters under the Placing Underwriting Agreement exercisable by the Joint Global Coordinators (for themselves and on behalf of the Placing Underwriters), pursuant to which our Company may be required to allot and issue up to an aggregate of 9,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price, to cover over-allocations in the Placing, if any, as further described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus
“our restaurants” or “our fast casual dining restaurants”	fast casual dining restaurants operated by our Group that include eateries with seating available that offer limited table service and takeaway shop. As at the Latest Practicable Date, we operated six eateries with seating available and one takeaway shop
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), as further described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus
“Placing Share(s)”	54,000,000 new Shares being offered for subscription at the Offer Price under the Placing subject to reallocation and the exercise of the Offer Size Adjustment Option as described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus
“Placing Underwriters”	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the placing underwriting agreement relating to the Placing and expected to be entered into by, among others, our Company and the Placing Underwriters on or about the Price Determination Date
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Pre-IPO Investment”	the investment made by the Pre-IPO Investor, which is set out in the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Pre-IPO Investment” in this prospectus
“Pre-IPO Investor”	Dunman Capital Global Limited, a company incorporated in the BVI with limited liability on 3 May, 2018, which is wholly-owned by Mr. Yang
“Price Determination Agreement”	the agreement to be entered into between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or about the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or about Friday, 8 May, 2020, on which the Offer Price is fixed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters)
“Proofer (AMK Hub)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 53 Ang Mo Kio Avenue 3 #B2–44, AMK Hub, Singapore 569933
“Proofer (Changi City Point)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 5 Changi Business Park Central 1 #B1–39, Changi City Point, Singapore 486038
“Proofer (Chinatown Point)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 133 New Bridge Road #B1–43, Chinatown Point, Singapore 059413
“Proofer (Compass One)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 1 Sengkang Square #01–04, Compass One, Singapore 545078
“Proofer (Heartland Mall)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 205 Hougang Street 21 #01–133/135, Heartland Mall-Kovan, Singapore 530205
“Proofer (Hillion Mall)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 17 Petir Road, #B2–45/46 Hillion Mall, Singapore 678278
“Proofer (Northpoint City)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 1 Northpoint Drive #B2–07/08, Northpoint City, Singapore 768019

DEFINITIONS

“Proofer (Oasis Terraces)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 681 Punggol Drive #02–07/08, Singapore 820681
“Proofer (Paya Lebar Square)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 60 Paya Lebar Road, Unit #B1–10, Paya Lebar Square, Singapore 409051 and ceased operation in December, 2017
“Proofer (POIZ Centre)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 51 Upper Serangoon Road #01–03, The POIZ Centre, Singapore 347697
“Proofer (Seletar Mall)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 33 Sengkang West Avenue #01–37/38, The Seletar Mall, Singapore 797653
“Proofer (Sun Plaza)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 30 Sembawang Drive #B1–30, Sun Plaza, Singapore 757713
“Proofer (Takashimaya)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in B2 Food Hall, Takashimaya Department Store, Area No. B2 08–4 and ceased operation in September, 2017
“Proofer (Tampines 1)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 10 Tampines Central 1 #B1–30, Tampines 1, Singapore 529536
“Proofer (Tampines Mall)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 4 Tampines Central 5 #B1-K7, Tampines Mall, Singapore 529510
“Proofer (Tanjong Pagar)”	Proofer (Tanjong Pagar) Pte. Ltd., a company incorporated in Singapore with limited liability on 22 April, 2015 and an indirect wholly-owned subsidiary of our Company
“Proofer (Tanjong Pagar Centre)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 7 Wallich Street #B2–02, Tanjong Pagar Centre, Singapore 078884
“Proofer (United Square)”	a self-operated restaurant operated by our Group under our “ <i>Proofer</i> ” brand located in 101 Thomson Road #01-K8, United Square, Singapore 307591

DEFINITIONS

“Proofer (Waterway Point)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 83 Punggol Central #B1–K13, Waterway Point, Singapore 828761
“Proofer (White Sands)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 1 Pasir Ris Central Street 3 #B1–12, Singapore 518457
“Proofer (Wisma Atria)”	a self-operated bakery retail outlet operated by our Group under our “ <i>Proofer</i> ” brand located in 435 Orchard Road #B1–47, Wisma Atria, Singapore 238877 and ceased operation in April, 2019
“Proofer Bakery”	Proofer Bakery Pte. Ltd., a company incorporated in Singapore with limited liability on 2 July, 2014 and an indirect wholly-owned subsidiary of our Company
“Proofer Bakery & Pizzeria”	Proofer Bakery & Pizzeria, a sole proprietorship established in Singapore on 13 August, 2013 and the beneficial interests of which had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its establishment pursuant to their family arrangement. Its business of manufacturing and retail of confectionary and bakery products are related assets and liabilities have been transferred to Proofer Bakery with effect from 9 July, 2019
“Proofer Boulangerie”	Proofer Boulangerie Pte. Ltd., a company incorporated in Singapore with limited liability on 17 January, 2014 and an indirect wholly-owned subsidiary of our Company
“Proofer Boulangerie Holdings”	Proofer Boulangerie Holdings Limited, a company incorporated in the BVI with limited liability on 21 January, 2019 and an indirect wholly-owned subsidiary of our Company
“Proofer Pizzeria”	Proofer Pizzeria Pte. Ltd., a company incorporated in Singapore with limited liability on 28 September, 2017 and an indirect wholly-owned subsidiary of our Company
“Public Offer”	the offer by our Company of the Public Offer Shares for subscription by the public in Hong Kong at the Offer Price, on and subject to the terms and conditions described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus and on the Application Forms

DEFINITIONS

“Public Offer Shares”	the 6,000,000 new Shares initially being offered by our Company for subscription pursuant to the Public Offer at the Offer Price (subject to reallocation as described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus)
“Public Offer Underwriters”	the underwriters of the Public Offer as listed in the section headed “UNDERWRITING — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the public offer underwriting agreement dated 28 April, 2020 relating to the Public Offer entered into by, among others, our Company and the Public Offer Underwriters, as further described in the section headed “UNDERWRITING” in this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Reorganisation” in this prospectus
“Repurchase Mandate”	the general unconditional mandate granted to our Directors by our Shareholders in relation to the repurchase of our Shares, further details on which is set forth in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus
“Sale of Food Act”	the Sale of Food Act (Chapter 283) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“SFA”	the Singapore Food Agency
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and, or otherwise modified from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	the holder(s) of the Share(s) from time to time

DEFINITIONS

“Share Offer”	the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 24 April, 2020, the principal terms of which are summarised in the section headed “STATUTORY AND GENERAL INFORMATION — Share Option Scheme” in Appendix IV to this prospectus
“Singapore”	the Republic of Singapore
“Singapore dollar(s)” or “S\$” or “SGD”	Singapore dollar(s), the lawful currency of Singapore
“Singapore GST Adviser”	Baker Tilly TFW LLP, a Singapore GST adviser engaged by our Company
“Singapore Legal Advisers”	Shook Lin & Bok LLP, the legal advisers to our Company as to Singapore law
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules unless the context otherwise requires
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented and, or otherwise modified from time to time
“Track Record Period”	the period comprising the two years ended 30 June, 2019 and the four months ended 31 October, 2019
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States” or “U.S.” or “US”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“US\$” or “USD”	United States dollar, the lawful currency of the U.S.

DEFINITIONS

“ WHITE Application Form(s)”	the application form(s) to be completed by the public who require the Public Offer Shares to be issued in the applicants’ own name
“WICA”	the Work Injury Compensation Act (Chapter 354) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“WSHA”	the Workplace Safety and Health Act (Chapter 354A) of the Statutes of the Republic of Singapore, as amended, supplemented and, or otherwise modified from time to time
“Y-o-Y”	year on year
“ YELLOW Application Form(s)”	the application form(s) to be completed by the public who require the Public Offer Shares to be deposited directly into CCASS
“Yuba Hut”	Yuba Hut Pte. Ltd., a company incorporated in Singapore with limited liability on 24 February, 2017 and an indirect wholly-owned subsidiary of our Company
“Yuba Hut (Heartland Mall)”	a restaurant operated by our Group under our “ <i>Yuba Hut</i> ” brand located in 205 Hougang Street 21 #01–19/20, #01–25/26, Heartland Mall-Kovan, Singapore 530205
“Yuba Hut (Hillion)”	Yuba Hut (Hillion) Pte. Ltd., a company incorporated in Singapore with limited liability on 24 November, 2016 and an indirect wholly-owned subsidiary of our Company
“Yuba Hut (Hillion Mall)”	a restaurant operated by our Group under our “ <i>Yuba Hut</i> ” brand located in 17 Petir Road #01–05/06, Hillion Mall, Singapore 678278
“Yuba Hut Holdings”	Yuba Hut Holdings Limited, a company incorporated in the BVI with limited liability on 21 January, 2019 and an indirect wholly-owned subsidiary of our Company
“Yuba Hut (Junction 8)”	a takeaway shop operated by our Group under our “ <i>Yuba Hut</i> ” brand located in 9 Bishan Place #B1-K15, Junction 8 Shopping Centre, Singapore 579837
“Yuba Hut (Northpoint)”	Yuba Hut (Northpoint) Pte. Ltd., a company incorporated in Singapore with limited liability on 30 December, 2016 and an indirect wholly-owned subsidiary of our Company

DEFINITIONS

“Yuba Hut (Northpoint City)”	a restaurant operated by our Group under our “Yuba Hut” brand located in 1 Northpoint Drive #B1–186, Northpoint City, Singapore 768019
“Yuba Hut (POIZ)”	Yuba Hut (POIZ) Pte. Ltd., a company incorporated in Singapore with limited liability on 3 January, 2018 and an indirect wholly-owned subsidiary of our Company
“Yuba Hut (POIZ Centre)”	a restaurant operated by our Group under our “Yuba Hut” brand located in 51 Upper Serangoon Road #01–09, The POIZ Centre, Singapore 347697
“Yuba Hut (White Sands)”	a restaurant operated by our Group under our “Yuba Hut” brand located in 1 Pasir Ris Central Street 3 #01–26/27, Singapore 518457
“%”	per cent

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

S\$1: HK\$5.72

No representation is made that any amounts in S\$ or HK\$ were or could have been converted at the above rate or at any other rates or at all.

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustment. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this prospectus in connection with our Company and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

“artisanal bakery chain”	a chain of artisanal bakery outlets with at least ten branded outlets
“artisanal bakery outlet(s)”	retail bakery outlet(s) that specialise(s) in the sale of bread, pastries and cakes that typically made in traditional or non-mechanised way, and for the purpose of this prospectus, the bakery outlets which we operate under our “Proofer” brand
“breakeven point”	accounting breakeven, which refers to the number of month(s) since the commencement of business of the restaurant at which the monthly revenue is at least equal to the monthly expenses, taking into account the non-cash items such as depreciation and amortisation expenses
“CAGR”	compound annual growth rate as a method of assessing the average growth of a value over time
“CBD”	central business district
“Central Area”	located in the south-eastern part of the Central Region, the Central Area is also referred as the city centre of Singapore where commerce, entertainment and shopping are concentrated
“fast casual dining restaurant(s)”	restaurant(s) with menu(s) that can be prepared and consumed within a short period of time (15–30 minutes)
“food and beverage industry”	an industry that encompasses all businesses operating in the production, processing, or retailing of food and beverage products
“PoS”	point of sale purchase, being the point where a transaction is finalised or the moment where a customer tenders payment in exchange for goods and services
“PoS system”	a software system of PoS
“sq. ft.” and “sq. m.”	square feet and square metres, respectively

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “predict”, “project”, “seek”, “shall”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are, by their nature, subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospect;
- future development, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic trends and conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed “FINANCIAL INFORMATION” in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

RISK FACTORS

Prospective investors should consider carefully all the information set forth in this prospectus and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the Share Offer. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This prospectus contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this prospectus. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this prospectus. The trading price of the Offer Shares could decline due to any of these events or risks (or such additional risks), and you may lose all or part of your investment.

We believe that we are subject to certain risks and uncertainties. Some of these risks are beyond our control and can be categorised in the following manner:

RISKS RELATING TO OUR BUSINESS

We have a limited operating history and we may not be able to maintain our historical revenue and profitability

We opened our first bakery outlet under “Proofer” brand at Changi City Point in 2013. As at the Latest Practicable Date, we operated 19 bakery outlets under “Proofer” and “300 BC” brands, and seven restaurants under “Yuba Hut”, “Proofer” and “Laura” brands in total, of which 14 had been opened for business for less than two years. Due to our short operating history, our historical results may not indicate our future performances, and which may be affected by a variety of factors beyond our control, such as general economic conditions, customers' tastes, intensity of competition and costs of raw materials.

In particular, our “Yuba Hut” restaurant which serves food to our customers through a miniature “bullet train” rail system only commenced business in December, 2018. There is no assurance that we will be successful in meeting all challenges and addressing the risks and uncertainties we face in developing this new concept of business nor that our Group's operational performance can be maintained at a level similar to that during the Track Record Period. Should the concept of such miniature “bullet train” rail system fail to capture new customers and retain existing customers in the future, our financial results may be adversely affected.

RISK FACTORS

The outbreak of Coronavirus or any other severe communicable disease could adversely affect our Group's operations

Our business could be materially and adversely affected by widespread epidemic of Coronavirus or other communicable disease such as Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus.

If any of our employees is affected by any severe communicable disease, it could adversely affect or disrupt our production at our central kitchen and may result in a temporary closure of our bakery outlets and restaurants in order to prevent the spread of the disease.

The spread of any severe communicable disease in Singapore or other parts of the world may affect the operations of our suppliers which can cause temporary shortage of raw materials and consumables, and which may in turn severely disrupt our operations. For example, the recent outbreak of Coronavirus in Singapore may result in temporary suspension of our operations.

To pre-empt the trend of increasing local transmission of Coronavirus in Singapore, the Singapore government has implemented an elevated set of safe distancing measures from 7 April, 2020 to 4 May, 2020 and introduced a number of measures to support domestic businesses (including automatic deferment of corporate income tax payments, property tax measures, enhanced Jobs Support Scheme, enhanced rental waivers, foreign worker levy and food delivery booster package). On 21 April, 2020, the Singapore government announced that the elevated set of safe distancing measures will be extended until 1 June, 2020 and introduced further measures such as suspension of operations of less critical consumer services with effect from 21 April, 2020 from 23:59 hours. We are entitled to benefit from the abovementioned mitigating measures and, in particular, the rental rebates, Jobs Support Scheme and tax incentive, which are estimated to amount to approximately S\$1.5 million in total.

If the safe distancing measures were to be extended by the Singapore government beyond 1 June, 2020 and, or we fail to obtain approval from the Singapore government to continue our operations from 7 April, 2020 to 1 June, 2020, or we are no longer entitled to benefit from the government measures to support domestic business, it is expected that our operations and performance will be adversely affected.

Adverse publicity and damages to our brands could impair our business and financial results to a considerable degree

As at the Latest Practicable Date, we operated and managed a total of 26 food establishments in Singapore, comprising 19 bakery outlets under “Proofer” and “300 BC” brands, five Japanese fast casual dining restaurants under “Yuba Hut” brand, one Western fast casual dining restaurant under “Proofer” brand and one Western fast casual dining restaurant under “Laura” brand. We believe that our corporate image and brands contributed materially to our past success and will continue to be determinants of our future development. Whether we can effectively implement the business strategies as stated in the

RISK FACTORS

section headed “BUSINESS — Our business strategies” in this prospectus will depend in part on our ability to protect and further enhance the recognition of our corporate image and brand.

It is our business strategy to continue to grow in terms of the number of our bakery outlets and restaurants, and product offerings in Singapore. There can be no assurance that our corporate image and brand recognition would not be adversely affected as the continuous growth in our operation scale may lead to a deterioration in quality of our food and services.

We have registered our trademarks “*Proofer*”, “*300 BC*”, “*Laura*” and “*Yuba Hut*” in both Singapore and Hong Kong. Please refer to the sections headed “BUSINESS — Intellectual property rights” and “STATUTORY AND GENERAL INFORMATION — Further Information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details of our trademarks. However, the preventive measures taken by us may be inadequate to avert the infringement of our trademarks by third parties which may damage our brand reputation and have material adverse effects on our business and financial results. On the other hand, it is possible that other companies have adopted trade names and, or registered trademarks similar to ours in jurisdictions other than Singapore and Hong Kong, which may impede our Group’s entry into other areas in future. There is no assurance that our application for registration of our trademarks which remains pending will be approved. We may be exposed to legal proceedings brought against us by third parties if such third party alleges proprietary rights over a trademark which is pending approval. If our trademark application is challenged or revoked or if any of our trademarks is infringed or if we are unsuccessful in enforcing our intellectual property rights in legal proceedings at a reasonable cost, or at all, or if such legal proceedings result in monetary liability in the form of damages and, or prevent us from further using our trademarks, our business, financial condition, results of operations and, or prospect may be materially and adversely affected.

Further, our business is susceptible to news reports, online reviews and comments, forum posts, and other forms of negative publicity regarding our products’ safety and quality, corporate branding and marketing, customer services, and other aspects of our business operation. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaints from our customers in relation to the service quality of our staff and the food quality. However, negative comments and reviews on public platforms, regardless of their validity, may cause customers to mistrust our products, which may materially harm the business, brands and operation results of our Group. Please refer to the section headed “BUSINESS — Customers — Customer service and customer feedback or complaints” in this prospectus for further details.

RISK FACTORS

We are susceptible to risks in relation to rental increases and we may not be able to obtain attractive locations for our expansion or to renew leases of our existing premises on acceptable terms or at all, and we may be subject to any change in tenant mix of a shopping mall where our outlets are located, and unexpected building closures or demolitions

As at the Latest Practicable Date, we leased all of the premises for our operations in Singapore from Independent Third Parties. Please refer to the section headed “BUSINESS — Our property interests — Leased properties” in this prospectus for further details of our leased properties. Our cost of leasing include leases for our bakery outlets, restaurants, head office and central kitchen. Most of these leases have tenures of between two and three years at inception with an option at our discretion to renew once. Since our cost of leasing for operation represents a material portion of the total operating expenses of our Group, any substantial increase in such cost may adversely affect the profitability of our Group.

We usually commence negotiations with landlords regarding the renewal of the leases not less than six months prior to their expiry dates if we do not have the renewal option at our discretion. It is at the discretion of the landlords to review and revise the terms and conditions of the lease agreements during the negotiation process, or even to refuse the renewal of the lease terms. We therefore face the risk of having to accede to rental increases and terms unfavourable to the operation of our business upon the renewal of the lease agreements, or we may not be able to renew the leases at all. Failure to renew the existing tenancies may lead to disruption to our business and additional costs being incurred for relocation and renovation. If our Group is unable to find alternative locations that are suitable and on commercially acceptable terms in a timely manner, it may lead to a reduction in the number of outlets and our operation and financial results may be adversely affected.

A change in the tenant mix or anchor tenant of a shopping mall where our bakery outlets and restaurants are located may result in fewer customers visiting and patronising the shopping mall, thereby reducing the customer traffic flow to our bakery outlets and restaurants.

We cannot ensure that the buildings in which our bakery outlets and restaurants are situated will continue to operate or to operate without any periodic disruption. In the event that the buildings are closed or demolished, we may incur financial losses because of the cessation or temporary suspension of operation and the possible write-off of our refurbishment of those particular outlets. We may also fail to find suitable locations for the affected outlets to carry on with their operations in a timely manner or at all.

Our bakery outlets and restaurants are generally located in shopping malls or outside the MRT stations in Singapore as we believe it is vital to trade in areas with promising quantity of customer traffic flow. As a result of the intense competition in the bakery and fast casual dining industries in Singapore, outlet locations that can attract substantial human traffic with acceptable lease terms and conditions are highly desirable and are subject to strong demand from other retailers including our close competitors. We may not be able to secure tenancies at the locations suitable for our new bakery outlets and restaurants or possible relocations of our existing bakery outlets and restaurants.

RISK FACTORS

Our business can be severely affected by labour shortages or increased employee benefit cost

Employee benefit cost represents a significant part of our overall operating expenses. For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, such cost represented 27.0%, 23.1%, 27.9% and 26.4% of our revenue, respectively. We are dependent upon a team of qualified and skilled employees for the operation of our office, central kitchen, bakery outlets and restaurants in order to maintain the quality of our food and services. Competent staff are therefore valuable to our Group and must be retained and attracted to support our expansion plans.

We employed foreign workers in our bakery outlets and restaurants in Singapore. Such employment is subject to a dependency ratio ceilings (“**DRC**”) (or a quota) and the payment of the applicable levies (the rates of which vary with the proximity to the maximum quota of foreign workers) set by the MOM from time to time. According to the Singapore Government’s 2019 budget statement, the Singapore Government decided to implement a reduction of the DRC in two stages, from 40% to 38% on 1 January, 2020, and to 35% on 1 January, 2021, while keeping the levy rate unchanged. Our Directors believe that such minor adjustment will not have any significant impact on our Group’s operations. However, any further material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore may adversely affect our business and financial position and prospect to a considerable degree. For further details on the laws and regulations in Singapore relating to employing foreign labour, please refer to the section headed “REGULATORY OVERVIEW — Laws and regulations relating to employment and labour protection” in this prospectus.

Due to the intense competition in the food and beverage industry and the resulting high demand for skilled labour, we cannot assure that we will be able to retain and attract adequate staff to maintain our existing operations and support our expansion plan. We may also be subject to wage or salary increases in the event we need to compete for qualified staff. Our business faces the risk of suspension if we fail to maintain adequate manpower for our operation or we may suffer from deteriorated profitability if we fail to pass on the increased labour costs to our customers.

We are susceptible to foodborne illness incidents and may be exposed to litigation and negative publicity, which can cause customers to avoid our products and reduce our revenue and profitability

We use ingredients such as eggs and dairy products in our bakery products, which may cause severe allergic reactions to a certain group of customers. In the event we fail to make aware of these potential allergens to our customers and our customers exhibit symptoms of allergic reaction after the consumption of our products, we may face liability claims and litigation proceedings that will affect our business operations. Further, we serve fresh seafood, meat and vegetables, raw and cooked, in our restaurants which are quickly perishable and may carry infectious bacteria and diseases had they not been handled and stored properly.

RISK FACTORS

We adhere to the policy to train and equip all our food handlers with food hygiene courses and perform internal quality control checks on a regular basis to ensure food quality and hygiene. However, we cannot guarantee that the training and internal controls will effectively prevent all foodborne illnesses. Our products may be contaminated when they are stored or processed falling short of the cleanliness or hygiene standards. Please refer to the section headed “BUSINESS — Food safety and quality control” in this prospectus for further details. There is no assurance that our Group’s internal quality control system will prove to remain effective in the future. Any significant weakness or deterioration in our quality control system in place would affect our ability to effectively police and maintain the standard of quality of our products across all of our bakery outlets and restaurants which, in turn, could have a material effect on our Group’s reputation, business operations and financial condition.

In addition, as we rely on third-party suppliers to provide us with food ingredients for our products, contamination of the ingredients in the upstream supply chain during the process of preservation or transportation is beyond our control, and may cause our products to contain foodborne illness.

Adverse publicity about the quality or health concerns of our products, regardless of whether the allegations are true, may negatively affect our brand and business by discouraging customers to buy our products. Any incidents of foodborne illness caused by our products may even trigger litigations or disciplinary actions against us, which may expose our Group to significant liabilities and, or the business suspension or cessation order by the relevant authorities if they result in decisions against us, or incur significant litigation costs to our Group regardless of the result.

We require various approvals and licences for our business operations, and the loss of, or failure to obtain or renew any or all of these approvals and licences could materially and adversely affect our business

We are required to maintain various licences and permits in accordance with the applicable laws and regulations in Singapore to operate our bakery outlets and restaurants. Amongst others, we are required to obtain and maintain Food Shop Licences for our business operations in Singapore. These licences must be obtained before the commencement of our bakery outlets and restaurants, and are required to be renewed upon expiry. There can be no assurance that our licences will be processed and, or issued on time or at all. Prior to June, 2019, we had failed to renew the Food Shop Licences prior to their expiry on a total of six occasions. As confirmed by our Directors, as at the Latest Practicable Date, we have not been prosecuted or fined by the SFA for the late renewal of our Food Shop Licences. Please refer to the section headed “BUSINESS — Non-compliance matters — (iv) Incident relating to the Food Shop Licences” in this prospectus for further details.

In addition, these licences are generally subject to conditions stipulated therein and, or the applicable laws, rules and regulations. The SFA has in place a points demerit system whereby demerit points are given for each public health offence that is convicted in court or compounded. Therefore, we may be unable to renew our licences if we exceed the number of demerit points allowed under the points demerit system and, or fail to meet the requirements during the review of our applications. Please refer to the section headed

RISK FACTORS

“REGULATORY OVERVIEW — Laws and regulations relating to our business operations — The Environmental Public Health Act (Chapter 95) of the Statutes of the Republic of Singapore” in this prospectus for further details of the points demerit system. During the Track Record Period and up to the Latest Practicable Date, our Group had not been penalised or convicted for any public health offences.

We are also required to obtain a fire safety certificate (the “FSC”) or lodge the renovation plans in respect of the minor addition and alteration works (the “MAA lodgement”) for our bakery outlets, restaurants and central kitchen. During the Track Record Period, we had failed to apply for a FSC or perform MAA lodgement in respect of nine “Proofer” bakery outlets, three “Yuba Hut” restaurants, one “Proofer” restaurant and one central kitchen. As confirmed by our Directors, as at the Latest Practicable Date, we have obtained the relevant certificates and approval. Please refer to the section headed “BUSINESS — Non-compliance matters — (iii) Incident relating to Fire Safety Certificate (the “FSC”)” in this prospectus for further details.

Going forward, if we are found to be in breach of any applicable laws, rules, regulations or conditions of our licences, or to not have the necessary licences for the conduct of our operations, the relevant governmental or regulatory authority may take action against us, such as by issuing warnings, imposing penalties, suspending our licences, imposing additional conditions or restrictions to our licences and, or revoking our licences. Any failure to obtain, maintain or renew any of our licences may materially and adversely affect our business, operations and financial performance. Please refer to the section headed “BUSINESS — Licences and approvals” in this prospectus for further details of licences and approvals we held during the Track Record Period.

We depend on our central kitchen to supply dough and certain bakery products to our bakery outlets and restaurants. Any material or prolonged disruption in the operation of our central kitchen could adversely impact our business and financial results

During the Track Record Period, we concentrated the production of dough and certain bakery products in our central kitchen. Should any form of disruption such as natural disaster, fires, electricity or water suspension, labour strikes, disruption or malfunctioning of our production equipment or machinery, or other adverse events that are beyond our control befall the central kitchen, it could delay our delivery of dough and certain bakery products to our bakery outlets and Western fast casual dining restaurants and adversely affect our operation and financial condition, unless we are able to remedy the predicament in a timely manner. Also, our central kitchen has a designated maximum production capacity, which may constrain our ability to increase our sales volume of bakery products and thus the number of stores that we can operate at a time.

We may be unable to renew our food menu or adapt to the changes in consumer preferences or discretionary spending in a timely manner or at all

Our Directors believe that our Group’s success is attributable to, in part, our ability to develop new food products that appeal to our customers and their taste preferences, as well as our timely adoption of up-to-date technologies such as the subscription to popular online food ordering and delivery services. As described in the section headed “INDUSTRY

RISK FACTORS

OVERVIEW” in this prospectus, the adoption of online food ordering and delivery is growing among Singaporean consumers, and artisanal bakery chain retailers will need to adapt their operations to this growing trend of online delivery services in order to stay competitive in its target markets. It is also expected that online food delivery will continue to play an important role for food service in the future. However, food preferences and dietary trends of the population may change from time to time. In the future, if we fail to swiftly identify and adapt to customers’ changing taste preferences or if there are shifts in customer preferences away from our food products, we may experience declines in revenue and profitability.

Please refer to the sections headed “INDUSTRY OVERVIEW” and “BUSINESS — Customers — Food delivery business” in this prospectus for further details of our adoption of the third party online delivery services platforms.

We may be unable to fully implement our future plans and the new bakery outlets and restaurants that we plan to open may not achieve the profitability as we anticipate

We believe our Group’s future growth depends on our ability to open and manage new bakery outlets and restaurants in Singapore. Please refer to the section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus for further details.

We plan to open five and four artisanal bakery outlets under “*Proofer*” brand, and two and four restaurants in the financial years ending 30 June, 2020 and 2021, respectively, which will be funded by the net proceeds of the Share Offer. Furthermore, we will open our new “*Proofer*” restaurant and “*Laura*” restaurant in May, 2020, which will be fully funded by our internal resources. There can be no assurance that we will be able to implement planned openings of bakery outlets and restaurants as they are subject to the following risks and uncertainties: -

- identification and availability of suitable locations for bakery outlets and restaurants;
- negotiation of favourable or at least acceptable terms and conditions for the leases;
- management and costs relating to the design and renovation of the bakery outlets and restaurants;
- obtaining necessary governmental approvals and permits; and
- recruitment of managers, chefs and operating personnel.

Furthermore, even if we manage to open the new bakery outlets and restaurants as planned, such new bakery outlets and restaurants may not be as profitable as our existing ones, if at all, because those locations may attract high cost of leasing and customer traffic flow, exhibit different level of intensity of competition, consumer preference and spending habit, which in turn may affect demand for our products. Based on our expansion plan as described in the section headed “FUTURE PLANS AND USE OF PROCEEDS”, we expect

RISK FACTORS

the additional depreciation expense to be incurred by the new bakery outlets and restaurants will amount to approximately S\$0.2 million and S\$2.6 million for each of the two years ending 30 June 2020 and 2021, respectively.

The opening of new bakery outlets and restaurants by us in existing markets may negatively affect sales of our existing outlets

As our Group continues to expand our artisanal bakery outlet networks in Singapore, the new outlets may be located in close vicinity to our existing outlets given the limited supply of locations with high customer traffic. As a result, the opening of a new outlet could adversely affect the business of these existing stores by diverting customer traffic away from the existing outlets. Cannibalisation between the outlets of our Group may become significant in the future as we continue to expand our operations and could affect our business growth and in turn, materially adversely affect the business, financial condition or results of operations of our Group.

We may fail to obtain additional funding for our growth in future

Taking into account the available working capital of our Group as at the Latest Practicable Date and the expected net proceeds from the Share Offer, our Directors are of the view that our Group will have sufficient capital to fund its existing operation and expansion plan for the next 12 months from the date of this prospectus. As our Group continues to grow in the future, organically or through acquisitions, we may require additional funding to be obtained from our internal resources, through equity and, or debt financings or other possible sources. There is no guarantee that we will be able to obtain the funding required for our growth on acceptable terms in a timely manner, if at all. Future equity financings may be dilutive to the Shareholders while debt instruments may contain covenants restricting our Group's autonomy on certain corporate decisions, including dividend payments.

Accidents at our bakery outlets and restaurants may expose us to regulatory sanctions and civil lawsuits

Personal injuries may occur from time to time in our central kitchen, bakery outlets and restaurants. We may be exposed to regulatory and, or civil lawsuits in the event that we are found to be negligent in or falling below the required standard of safeguarding the safety of customers or personnel in our central kitchen, bakery outlets or restaurants. Also, we cannot ensure that the coverage by our existing insurance policies will be sufficient to cover for all the damages or liabilities arising from the accidents. Please refer to the section headed "BUSINESS — Health and work safety" in this prospectus for further details of our working environment provided to our employees and insurance coverage.

RISK FACTORS

We depend on timely delivery of quality raw materials and consumables from our pre-approved suppliers. We may suffer from supply shortages and increased food costs if they fail to do so

Our ability to source adequate raw materials and consumables at acceptable prices in a timely manner is crucial to our business. We purchased approximately 65.5%, 63.9% and 60.4% of our supplies from our five largest suppliers for 2018 financial year, 2019 financial year and the four months ended 31 October, 2019, respectively. Our principal purchases from these suppliers, who are Independent Third Parties, include (i) food ingredients for our bakery products such as flour, butter, sugar, eggs and other dairy product; and (ii) fresh seafood, meat and vegetables for our restaurant operation. However, we do not have any long-term purchase agreements with our suppliers. Please refer to the section headed “BUSINESS — Suppliers and raw materials” in this prospectus for further details. Purchase prices of the raw materials and consumables can be subject to change each time we place the purchase order. Accordingly, we are susceptible to risks related to these suppliers, including their ability to provide us uninterrupted supplies of quality goods at acceptable prices and volume sufficient for us to meet customer demand for our food products.

The risk of disruptions to the delivery of our supplies could arise due to a variety of reasons including adverse traffic conditions, unanticipated increase in demand, adverse weather, diseases, production shortage, operational problem or cessation of suppliers’ businesses, labour strikes and other factors. Also, as the food ingredients we require for our products are generally quickly perishable, we need to accurately estimate our supply needs frequently so as to make timely purchase orders. If we fail to do so, our suppliers may not have the adequate amount of products we require in stock or the capacity to produce them promptly, and we may not be able to find alternative sources for such supplies with acceptable quality and prices quickly in order to meet our demand. Our operating results and profitability may be adversely affected.

Our business is susceptible to seasonality and we may fail to meet the heightened demand from customers during the peak seasons

We experience seasonality in sales. Please refer to the section headed “BUSINESS — Seasonality” in this prospectus for further details. Our overall results of operations fluctuate from period to period because of various factors, including seasonal fluctuations due to holidays and festivals celebrated by our customers. We may not be able to meet the surge in customers’ demand for our food products during those festive periods for a number of reasons such as inaccurate estimation, unanticipated disruption to our production facilities, shortage of labour, insufficient supplies available, etc. Failure to meet our customers’ demand may reduce our revenue and profitability and adversely affect customers’ perception of our brands.

We may not be able to retain key members of our senior management team who have been crucial to our success and growth

We believe that our success has been dependent and will continue to be dependent to a considerable extent on the services of our key senior management personnel, namely, Mr. Aris Goh, our chairman of the Board, chief operating officer and executive Director, and Ms.

RISK FACTORS

Anita Chia, our chief executive officer and executive Director, both of them are the founders of our Group and have been the key drivers for the development, strategic planning and execution of our business, Ms. Yong Shu Mei, our procurement and operation manager who started her career with our Group as a management trainee back in 2014, Ms. Chung Ngar Yu Alice, our financial controller, who is a chartered accountant of Singapore and has more than five years of experience in auditing, accounting and financial management. Please refer to the section headed “DIRECTORS AND SENIOR MANAGEMENT” in this prospectus for further details of our executive Directors and senior management. We have entered into service agreements with Mr. Aris Goh and Ms. Anita Chia, under the terms of which they may terminate the agreements by giving three-month notice, and employment contracts with Ms. Yong Shu Mei and Ms. Chung Ngar Yu Alice, under which they are entitled to leave their employment by serving three-month notice. The loss of our existing key senior management personnel without timely and adequate replacements may adversely affect our business.

Further, as our Group continues to grow, we will need additional qualified management personnel to service our expanded level of business. Competition for such personnel may be fierce and we cannot assure that we will be able to hire and retain adequate number of such personnel in the future. The shortfall in qualified management personnel may hinder our business growth and profitability. In the event that we need to increase employee compensation levels substantially to attract, retain and motivate any key management personnel, our employee benefit cost may increase significantly.

Imitation of our self-developed recipes by competitors may materially and adversely affect our Group’s operation and financial results

We regularly review our menu offerings and develop new bakery products and dishes to distinguish ourselves from our competitors and to cater the change of customers’ tastes. Our management, with the assistance of our chef in-charge and baker in-charge, regularly initiate experiment on producing new combination and fusion of tastes. We believe that the innovative and diverse food offerings we make available to our customers is one of the keys to our success. However, the recipes and formulas of our self-developed bakery products and dishes, are not registered intellectual properties that are protected under laws. Our competitors may imitate the tastes of our food and offer them at a more competitive prices than ours, which may materially and adversely affect our business and financial performances.

Increasing costs of food ingredients and other supplies could adversely affect our profitability

Costs of raw materials and consumables used accounted for approximately 24.6%, 20.1%, 23.2% and 21.3% of our revenue for 2018 financial year, 2019 financial year, the four months ended 31 October 2018 and 2019, respectively. We are dependent on the ability of our suppliers to control the costs of producing or sourcing the raw materials and their required level of mark-ups. Many of the factors that may fluctuate the prices of our requisite raw materials are beyond our control, including weather, seasonality, general economic conditions, global demand and changes in governmental regulations. An increase in any of the raw materials may negatively affect our profitability if we fail to pass along such

RISK FACTORS

increased costs to our customers. From 2014 to 2018, the Food Price Index of Singapore increased at a CAGR of approximately 1.7%. Please refer to the section headed “INDUSTRY OVERVIEW — Cost analysis in Singapore — Food ingredients” in this prospectus for further details.

It is our practice not to enter into any long-term purchase agreements with our suppliers so as to preserve our flexibility to source from other parties under more favourable terms. Also, we do not enter into futures contracts or engage in any hedging activities against future price fluctuations in our supplies. We may not be able to anticipate and cope with the fluctuation or worse, dramatic increases in raw material prices by adjusting our purchase practices and food menu, and our profitability may be adversely affected as a consequence.

Our financial performance, brands and reputation may suffer from wrongdoing by our employees or outsiders

We rely on our staff at each of our bakery outlets and restaurants to handle cash received from customers. As at the Latest Practicable Date, we were not aware of any instances of fraud, theft or other misconducts by our employees that had any material impact on our business and financial performances. We have implemented internal controls to mitigate the risk of theft or misappropriation by our staff and outsiders, but there can be no assurance that the measures we have taken will deter our employees or outsiders from committing fraud, theft, misappropriation and other misconducts that would bring us financial losses. For further details of our internal control on cash management, please refer to the section headed “BUSINESS — Customer settlement and cash management — Cash and cash management” in this prospectus.

We have also implemented internal controls on the handling of food and provided relevant trainings to our staff to familiarise them with the policies and procedures. However, lapses in internal controls may occur. Our brands and reputation may be damaged and our financial performances weakened had our staff handled food products improperly causing food poisoning, food contamination, unpalatable taste of food products and other incidents, which may result in sanctions being imposed by relevant authorities in Singapore.

Coverage by our existing insurance policies may not be full

As at the Latest Practicable Date, we have maintained insurance coverage that we believe are customary for businesses in our industry that are comparable to us in terms of operation scale, for instance work injury compensation insurance, medical insurance and public liability insurance. For details of our insurance policies, please refer to the section headed “BUSINESS — Insurance” in this prospectus.

Our insurance coverage may not be adequate to cover all claims or losses caused by certain events, including, without limitation, war, act of god, fraud, loss of reputation, and losses of business due to increased competition and other commercial reasons. If we are subject to uninsured losses or the claim amounts for the insured losses exceed that of the insurance coverage, we may need to settle the claims from internal resources and our

RISK FACTORS

insurance premiums may also increase substantially due to claims made. In such circumstances, our financial performances and position may be adversely affected to a severe extent.

We recorded net current liabilities during part of the Track Record Period

We recorded net current liabilities of approximately S\$0.5 million and S\$0.3 million as at 30 June, 2018 and 2019, respectively primarily due to the financial impact from adopting IFRS 16 — Leases. We recorded net current assets of approximately S\$0.2 million as at 31 October, 2019 largely due to receipt of proceeds of HK\$7.0 million on 5 September, 2019 from issue of shares pursuant to the subscription agreement (as supplemented on 22 July, 2019) in respect of the Pre-IPO Investment. For further details, please refer to the section headed “FINANCIAL INFORMATION — Net current liabilities” in this prospectus. We may record net current liabilities in the future. Having significant net current liabilities may expose us to certain liquidity risks and could constrain our operational flexibility and adversely affect our ability to expand our business and make necessary capital expenditures.

Our information technology systems and network security are subject to disruptions and failure which may adversely affect our operation

We have installed a PoS system at each of our bakery outlets and restaurants to facilitate retail transactions, keep track of products that have been sold and produce daily sales reports. However, this system is susceptible to damage, interruption, breakdown and malfunction from events which are beyond our control, including but not limited to, loss of power, fire, telecommunications and network failures, human errors, and cyber-attacks by viruses or hackers. Any such damage, interruption, breakdown or malfunction may cause disorder to our Group's operations and result in loss of businesses.

There can be no assurance that our Group's information technology systems in place will always be able to protect breach of the security and prevent leakage of our customers' information. In the event of such breach and leakage of information, we may be subject to complaints and even litigation or other proceedings by our customers and, or credit card issuers and suffer from the ensuing financial losses and damages of brands and reputation.

The adoption of IFRS 16 affected our Group's combined statements of financial position, combined statements of comprehensive income and certain key ratios due to the operating lease arrangements

Our Group leases bakery outlets, restaurants, head office, central kitchen and motor vehicles. Under IFRS 16, which our Group has adopted since and throughout the entire Track Record Period, leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by our Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged 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. Our Group's current accounting policy for such leases is set out in note 2 of the Accountant's Report in Appendix I to this prospectus. As at 30 June, 2018, 30 June, 2019 and 31 October, 2019, our Group's total lease liabilities amounted to approximately S\$13.3 million, S\$17.7 million and S\$16.5 million, respectively.

RISK FACTORS

During the Track Record Period, our Group's future operating lease commitments have been discounted and recognised as "lease liabilities" in the combined statements of financial position. IFRS 16 provides new provisions for the accounting treatment of leases and no longer allows lessees to recognise certain leases outside of the combined statement of financial position. Instead, for all leases with a term of more than 12 months, unless the underlying asset is of low value, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The adoption of IFRS 16 affected virtually all commonly used financial ratios and performance metrics, such as total debt to equity ratio, gearing ratio, current ratio, quick ratio, interest coverage, return on assets, return on equity, earnings before interest and tax, earnings before interest, taxes, depreciation, and amortization operating cash flows and cash flows from financing activities. The recognition of right-of-use assets and lease liabilities expanded our Group's combined statements of financial position and materially affected its related financial ratios, resulting in an increase in gearing ratio and a decrease in net current assets, current ratio and quick ratio. For details of the impact to our Group's financial position, financial performance and cash flows, please refer to "SUMMARY — Summary of combined financial information" in this prospectus. In the combined statements of comprehensive income, the adoption of IFRS 16 gave rise to recognition of depreciation of the right-of-use assets, instead of recognition of lease payments as rental expenses. Depreciation expense associated with the right-of-use assets is charged over the shorter of period of lease term and expected useful life of the underlying lease on a straight-line basis. Interest expenses on the lease liability are recorded under finance costs with reference to the incremental borrowing rate of the lessee and is expected to reduce over the life of the leases as lease payments are made. As a result, the rental expenses under otherwise identical circumstances decreased, while depreciation and interest expense increased and led to an increase in gearing ratio and decrease in interest coverage ratio. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability resulted in a change of expenses recognition pattern, in particular, a higher total charge to the combined statements of profit or loss and other comprehensive income in the initial years of the lease, and decreasing expenses during the latter part of the lease term, and it led to a decrease in profit before tax in the initial years of the lease as a result. In particular, (i) our Group's current ratio and quick ratio are reduced as a result of the recognition of the current portion of the lease liabilities; (ii) our Group's gearing ratio is increased as a result of the recognition of current and non-current portion of the lease liabilities; (iii) our Group's interest coverage ratio is reduced as a result of the increase in interest expenses on lease liabilities; and (iv) our Group's return on assets is reduced as a result of the recognition of right-of-use assets.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY WE OPERATE IN

Our financial performances may be affected by macro-economic and other factors in Singapore which are beyond our control

A variety of macro-economic factors influence customers' spending in the food and beverage industry market, such as general economic conditions, employment levels, interest rates and inflation, as they affect the disposable income of the general public. Customers may become more budget conscious and decide to reduce their discretionary spending on eating out under adverse economic conditions. Under such circumstance, we may need to lower our food prices to maintain the level of business, resulting in a drop of profitability. On the other hand, while our Directors believe that the demand for bakery products, as staple goods, are resilient to adverse economic condition, in the event of extreme economic situation such as hyper-inflation, our bakery business may still be severely impaired and our financial performances adversely affected.

In addition to the macro-economic factors mentioned, our business is vulnerable to other unfavourable business conditions, including, without limitation, unstable political environment, terrorist attacks, social unrest, labour disputes, severe weather conditions, adverse environmental conditions, natural catastrophes, tightened regulatory and other governmental control, outbreak of diseases or viruses, and other unforeseeable extreme circumstances. If any of these events occur, our operations and financial performances may be adversely affected to a material degree.

The food and beverage industry are highly competitive with low entry barrier. Our performances can be materially and adversely affected if we lose our competitiveness

The food and beverage industry in which our Group operates is intensely competitive. We compete with a large number of well-established traditional local bakeries, bakery chains and restaurants in Singapore who target the same or similar group of customers, on the basis of quality and price of products, taste, atmosphere, customer service, location and other aspects of the overall purchasing and dining experience. Our closest competitors may have substantially greater financial resources, operation scales, brand names, and advertising campaigns than we do. Some of them are operated on a franchise model, which may increase their paces to expand in terms of number of stores and geographical reaches. We may need to increase our spending on promotional activities in order to keep pace with their level of brand name enhancement. Please refer to the section headed "BUSINESS — Our business strategies" in this prospectus for further details of our future plan for enhancement of marketing activities to heighten our brand awareness. Also, competitors with greater financial resources may decide to deliberately damage our business by carrying out predatory pricing or other activities designed to undermine our brand name. Please refer to the section headed "BUSINESS — Competition" in this prospectus for further details of the competitive environment in which we operate.

The food and beverage industry in Singapore has a low entry barrier. New competitors may enter into this market and directly compete with us with minimal resources. For example, restaurants with established relationship with landlords may decide to compete in

RISK FACTORS

the bakery market, or vice versa. Their operating experiences, relationships with landlords and accumulated customer base may provide them with an added advantage to compete in adjacent markets and pose additional competition to our business.

The intense competition described above may not only reduce our revenue but also increase our costs of production and operating expenses. New competitors may compete with us for rental space, raw materials, food ingredients and manpower, as a result, we may incur additional rental and labour expenses following the tightened availability of suitable store locations and qualified personnel necessary for an efficient operation of our business. Our financial performances may therefore be adversely affected as a result.

Our operations and financial performances may be materially and adversely affected if we fail to comply with regulations applicable to our businesses

Our business is subject to stringent regulation under Singapore laws, including the areas of licensing, fire and safety standards, environmental protection, health, sanitation, employment and taxation. There is no assurance that our outlets and staff will be able to comply with every applicable regulation or that we can successfully renew all relevant licences and permits in the future. If our outlets and staff fail to comply with one or more of the applicable regulations or if we operate our businesses without the required licences or permits, we may face sanctions and, or fines from relevant authorities, including temporary suspension or permanent termination of operations, which may increase our compliance costs and adversely affect our business, reputation and financial results. On the other hand, our business development plan may be delayed or discontinued if we are unable to apply for the relevant licences and permits for our new bakery outlets and restaurants. For further details of the regulations applicable to our business, please refer to the section headed “REGULATORY OVERVIEW” in this prospectus.

We have previously been involved in certain non-compliance incidents such as non-compliance with statutory requirements under the GST Act, CPF Act, Fire Safety Act and EPHA. For further details, please refer to the section headed “BUSINESS — Non-compliance matters” in this prospectus.

We cannot provide assurance that we will not be subject to any orders or claims or penalty in relation to the food or health-related matters which would have a material impact on our business in the future. Any such incidents could materially harm our reputation, results of operations and financial performance.

If there are any changes to applicable laws, regulations or policies, we may be required to comply with further and, or stricter requirements, which may restrict or hamper our business or operations or result in higher operating costs. If we are unable to pass on such increased operating costs to our customers, our business, operations and financial performance may be adversely affected. In addition, there can be no assurance that we will continue to be able to comply with the requirements of any new applicable laws, regulations and policies.

RISK FACTORS

If we are found to be in breach of any applicable laws, rules, regulations or conditions of licences, the relevant government or regulatory authority may take action against us, such as issuing warnings, imposing penalties, suspending the licences, reducing the term of the licences, imposing additional conditions or restrictions and, or cancelling or revoking the licences. Any failure to obtain, maintain or renew any of the licences may materially and adversely affect our business operations and financial performance.

The proposed increment of GST in Singapore from 7% to 9% may hurt the sales of our products

An announcement was made by the Finance Minister of Singapore in the Singapore Government's 2019 budget statement on 19 February, 2018 on the proposed implementation of GST rate increment from the current rate of 7% to 9% during the period between 2021 and 2025. The 2% GST rate increment is likely to affect the purchasing power of consumers leading to a lower level of spending as a result of higher product prices. Our customers may opt for more affordable alternatives such that it may impact our sales revenue. Our procurement costs for raw materials and consumables may also increase as our suppliers make adjustments to their prices, which may materially affect our financial performance. Apart from that, although the implementation date of the 2% GST rate increment has yet to be announced, we may experience unstable sales of our products during the period prior to and after the implementation of the 2% GST implementation as consumers exhibit intertemporal spending behaviour, which may adversely affect our operation and financial conditions.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

There is no existing public market for our Shares. The price and liquidity of our Shares may be volatile

There has been no public market for our Shares prior to the Listing. Although we have applied for our Shares to be listed on GEM, there is no guarantee that an active and liquid public trading market for our Shares will develop or sustained if it does develop. Shareholders may find it difficult to sell any of their Shares if there is an absence of active and liquid public trading market for our Shares.

The final Offer Price may not be indicative of the trading price that will prevail in the market upon Listing. Shareholders may not be able to sell their Shares at prices equal to or greater than the prices they paid for in the Share Offer.

The trading prices and liquidity of our Shares, upon Listing, will depend on a number of factors, without limitation:

- our operational and financial results;
- operational and financial results of our competitors;
- announcements published by us or our competitors;

RISK FACTORS

- developments in the industries in which we operate;
- changes in market valuations of comparable companies;
- our additional equity fund-raising;
- release of lock-up on our Shares owned by our Controlling Shareholders;
- the general economic, political and other factors; and
- the equity market sentiment and condition.

Substantial future sales or perceived sales of our Shares in the public market may reduce the prevailing market price of our Shares

Following the Capitalisation Issue and the Share Offer, our Controlling Shareholders will have 63.75% of our issued Shares and our Pre-IPO Investor will in aggregate have 11.25% of our issued Shares, without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme. While the former is subject to a lock-up period of 24 months from the Listing Date as described in the section headed “UNDERWRITING” in this prospectus, the latter are not. There is no assurance that our Controlling Shareholders (upon lapse of lock-up period) and Pre-IPO Investors (upon Listing) would not dispose of substantial amounts of their Shares, and we cannot predict the effect (if any) on the market prices of our Shares if they do so.

We cannot assure the accuracy and completeness of certain facts and statistics in this prospectus as regards the economy and the food and beverage industry in Singapore

Facts and statistics in this prospectus relating to the economies and industries in which we operate are obtained from publications of government agents and third parties including Euromonitor, which we have no reason to believe them to be false or misleading in any material respect. However, such information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other professional parties involved in the Share Offer, and we cannot guarantee its quality or reliability. Investors should not place undue reliance on such facts and statistics as they may be inaccurate or inconsistent with other information compiled by other sources.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate

This prospectus contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this prospectus is subject to certain risk and uncertainties.

RISK FACTORS

Whether we implement those plans, or whether we can achieve the objective described in this prospectus, will depend on various factors including the market conditions, our business prospects, actions by our competitors and the global financial situations.

You should not place any reliance on any information contained in press articles or other media regarding us, our business or the Share Offer

When deciding whether to invest in our Shares, prospective investors are strongly cautioned not to rely on any information in any press articles, and media and, or research coverages containing description, statement or forecast regarding us, our business, operation and financial performances, our industry, or the Share Offer, which is not sourced from or authorised by our Directors. We make no representation about, and are not responsible for, the completeness, appropriateness, accuracy, correctness, integrity, reliability, adequacy or suitability of any of such information. We disclaim any of such information that is inconsistent or conflicts with the content in this prospectus. Accordingly, prospective investors are advised to rely only on information contained in this prospectus when they decide whether to make any investment in our Shares.

Shareholders' interests in our Company may be diluted as a result of additional equity fund-raising

We may need additional capital to fund our business expansion, acquisitions and working capital needs in the future. The timing and amount of such need for capital may vary according to the size of the potential acquisition targets, scale of business expansion plan, amount of cash flow from our business and our Group's cash reserve. In the event that our internal cash reserves are insufficient to satisfy the capital requirements, we may seek additional financing through issuance of new equity and, or equity-linked securities of our Company by way of placement or rights offering or other methods that involve issuance of new Shares. In all such events, Shareholders who do not participate in the additional round of fund-raising may suffer dilution in their investments in our Company.

Concentration of ownership by our Controlling Shareholders may inhibit outcome of decisions requiring Shareholders' approval and prevent a change in control

Immediately following the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own 63.75% of the issued share capital of the Company. Therefore, our Controlling Shareholders will be able to exert significant influence over our corporate actions, operations, business strategy and other matters that require Shareholders' approval except where they are required to abstain from voting. Interests of the Controlling Shareholders may conflict with those of our other Shareholders and their significant influence over our Group may be abusive to our other Shareholders. In addition, without our Controlling Shareholders' consent, it may be difficult for the Group to effect a change in control that would otherwise benefit our other Shareholders.

RISK FACTORS

Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

There is no assurance that we will pay dividends in the future

For 2018 financial year and 2019 financial year, no dividend was declared or paid. On 31 October, 2019, Proofer Boulangerie declared and paid dividend of S\$1.3 million to its then shareholders by offsetting against the amount due from Directors. Our Directors may in the future declare and distribute dividends after considering a variety of factors, including but not limited to, our financial results, level of cash reserve, capital requirement for operation and business expansion, statutory and regulatory restrictions (including our Articles of Association) and other relevant factors they deem relevant. Therefore, we cannot assure you that the amount of future dividends, if any, will be equivalent to or exceed historical dividends. For further details of our dividend policy, please refer to the section headed "FINANCIAL INFORMATION — Dividend" in this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

In preparation of the Listing, we sought the following waiver from strict compliance with the relevant provisions of the GEM Listing Rules:

JOINT COMPANY SECRETARIES

Rule 11.07(2) of the GEM Listing Rules provides that an issuer must appoint a company secretary who satisfies Rule 5.14 of the GEM Listing Rules. Rule 5.14 provides that an issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

We have appointed Mr. Yu Chun Kit (“**Mr. Yu**”) and Ms. Chung Ngar Yu Alice (“**Ms. Chung**”) as joint company secretaries to jointly discharge the duties and responsibilities as our joint company secretaries with reference to their past experience, qualifications and working experience.

Ms. Chung is a chartered accountant of Singapore and has been employed as financial controller since March, 2019. She has been responsible for overseeing our financial reporting, financial planning, treasury and financial control matters. We believe that having regard to Ms. Chung’s background in the accounting field and her past working experience with us, she has a thorough understanding of our operations and is able to perform her duties as the company secretary. Please refer to the section headed “DIRECTORS AND SENIOR MANAGEMENT” in this prospectus for further details of Ms. Chung’s background.

However, Ms. Chung does not possess full qualifications as required under Rule 5.14 of the GEM Listing Rules. As such, we have appointed Mr. Yu as one of our joint company secretaries to provide joint company support and assistance to Ms. Chung to enable Ms. Chung to acquire the relevant experience as required under Rule 5.14 of the GEM Listing Rules and to duly discharge the functions of a company secretary. Ms. Chung will be assisted and will enjoy the resources and expertise of Mr. Yu as a joint company secretary.

Mr. Yu, being a member of HKICPA, satisfies the requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules. Further biographical details of Mr. Yu are set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT” in this prospectus.

Therefore, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rules 5.14 and 11.07(2) of the GEM Listing Rules and the following arrangements will be or have been made to satisfy those requirements:

- i. we will continue to engage Mr. Yu as a joint company secretary for a minimum period of three years commencing from the Listing. We believe that Ms. Chung will acquire the relevant qualifications or experience required under Rules 5.14 and 11.07(2) of the GEM Listing Rules to act as our secretary with the guidance and assistance of Mr. Yu. During his engagement period, Mr. Yu will work closely with Ms. Chung and ensure that he will be available at all times to provide assistance to Ms. Chung for discharging her duty as a company secretary, including but not limited to communicating regularly with Ms. Chung on matters relating to corporate governance, the GEM Listing Rules, as well as the applicable Hong Kong laws and

WAIVER FROM STRICT COMPLIANCE WITH THE GEM LISTING RULES

regulations which are relevant to us. We will further ensure that Ms. Chung will receive the relevant trainings and support to enable her to be familiar with the GEM Listing Rules and the responsibilities of a company secretary as required under the GEM Listing Rules;

- ii. pursuant to Rule 5.15 of the GEM Listing Rules, each of Mr. Yu and Ms. Chung will attend in each financial year no less than 15 hours of relevant professional training courses to familiarise themselves with the requirements of the GEM Listing Rules and other Hong Kong regulatory requirements;
- iii. we have also appointed Anglo Chinese as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules, which will act as our additional channel of communication with the Stock Exchange, and provide professional guidance and advice to us as to compliance with the GEM Listing Rules and all other applicable laws and regulations;
- iv. before expiry of the three-year period, we will re-evaluate Ms. Chung's experience in order to determine whether she satisfies the requirements as stipulated under Rules 5.14 and 11.07(2) of the GEM Listing Rules; and
- v. before the end of the three-year period as mentioned above, the Stock Exchange will revisit the situation. We shall then demonstrate to the Stock Exchange's satisfaction that Ms. Chung, having had the benefit of the assistance of Mr. Yu for three years, would have acquired the relevant experience within the meaning of Rule 5.14 of the GEM Listing Rules so that a further waiver would not be necessary.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purposes of giving information to the public with regard to our Company. Each of our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material aspects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

INFORMATION ON THE SHARE OFFER AND THIS PROSPECTUS

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. So far as the Share Offer is concerned, no person is authorised to give any information or to make any representation not contained in this prospectus. Any information or representation not contained herein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents, employees or advisers or any other person or party involved in the Share Offer.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

UNDERWRITING

This prospectus is published solely in connection with the Public Offer, which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer. The Share Offer comprises the Public Offer of initially 6,000,000 Shares (subject to reallocation) and the Placing of initially 54,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option). Details of the terms of the Share Offer, the reallocation and the Offer Size Adjustment Option are described in the section headed "STRUCTURE AND CONDITIONS OF THE SHARE OFFER" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The listing of our Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. The Placing is expected to be fully underwritten by the Placing Underwriters under the terms of the Placing Underwriting Agreement.

For further information about the Underwriters and underwriting arrangements, please refer to the section headed “UNDERWRITING — Underwriting arrangements and expenses” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus and, or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and, or the related Application Forms may not be used for the purpose of, and does not constitute, any offer or invitation nor is it taken as an invitation or solicitation of offers in any jurisdiction or under any circumstances where such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus and, or the related Application Forms and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the US, except in compliance with the relevant laws and regulations of such jurisdiction.

Each person acquiring the Offer Shares will be required to confirm, or by his or her acquisition of the Offer Shares be deemed to confirm, that he or she is aware of the restrictions on the offer of the Offer Shares described in this prospectus and, or the related Application Forms and that he or she is not acquiring, and has not been offered, any such shares in circumstance that contravenes any such restrictions.

Prospective investors for the Offer Shares should consult their financial advisers and seek legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING OF THE SHARES ON GEM

Application has been made to the GEM Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus pursuant to the Share Offer and upon exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Except for our application for the Listing on GEM, no part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, if the permission for the Shares offered under this prospectus to be listed on GEM has been refused before the expiration of three weeks from the date of the closing of the subscription lists or such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at all times after the Listing, our Company must maintain the “minimum prescribed percentage” of 25% or such applicable percentage of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

ADMISSION OF THE SHARES INTO CCASS

Subject to the approval of the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company’s principal register of members will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands and our Company’s Hong Kong branch register of members will be maintained by the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, in Hong Kong.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

All Shares in issue will be registered in our Company's branch register of members to be maintained in Hong Kong. Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Dealings in Shares registered in the branch register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, our Shares. None of our Group, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any other persons or parties involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, our Shares.

DEALINGS AND SETTLEMENT IN THE SHARES

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 18 May, 2020, dealing in the Shares on GEM are expected to commence at 9:00 a.m. on Monday, 18 May, 2020. Shares will be traded in board lots of 2,500 Shares each and are freely transferrable. The stock code for the Shares is 8496.

Our Company will not issue any temporary document of title.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for application for the Public Offer Shares is set out in the section headed "HOW TO APPLY FOR THE PUBLIC OFFER SHARES" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in the section headed "STRUCTURE AND CONDITIONS OF THE SHARE OFFER" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. Names of any laws, regulations and rules, governmental authorities, institutions, natural persons or other entities, awards, certificates or permits, which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only. If there is any inconsistency between the Chinese names of any of the aforesaid names, laws, regulations, rules, authorities, awards, certificates or permits, the Chinese name shall prevail.

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains translations for the convenience of the reader the following rates: Singapore dollars into Hong Kong dollars at the rate of S\$1 = HK\$5.72. These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in S\$ or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates at all.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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DIRECTORS

<u>Name</u>	<u>Residential address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Goh Leong Heng Aris	12 Jalan Bukit Merah #09-5044 Singapore 150012	Singaporean
Ms. Anita Chia Hee Mei (Xie Ximei)	26C Jalan Membina #12-176 Singapore 166026	Singaporean
<i>Independent non-executive Directors</i>		
Ms. Lei Dan (雷丹)	3 Bideford Road #23-05 Singapore 229920	Australian
Mr. John Lim Boon Kiat (林文杰)	19 Shelford Road #01-18 Singapore 288408	Singaporean
Mr. Kwok Kin Kwong Gary (郭建江)	Flat B, 14/F 20 Broadway, Mei Foo Sun Chuen Lai Chi Kok, Kowloon, Hong Kong	Chinese

For further information on the profile and background of our Directors, please refer to the section headed "DIRECTORS AND SENIOR MANAGEMENT" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor

Anglo Chinese Corporate Finance, Limited

A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
40th Floor
Two Exchange Square
8 Connaught Place
Central, Hong Kong

Joint Global Coordinators

Elstone Securities Limited

Suite 1601-04, 16/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

CRIC Securities Company Limited

Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Joint Bookrunners

Elstone Securities Limited

Suite 1601-04, 16/F
West Tower, Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

CRIC Securities Company Limited

Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Zhongtai International Securities Limited

19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Emperio Securities And Assets Management Limited

20/F, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

Joint Lead Managers

Elstone Securities Limited

Suite 1601–04, 16/F
West Tower, Shun Tak Centre
168–200 Connaught Road Central
Hong Kong

CRIC Securities Company Limited

Room 2007 & 2403
Great Eagle Centre
23 Harbour Road
Wan Chai
Hong Kong

Zhongtai International Securities Limited

19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

Emperio Securities And Assets Management Limited

20/F, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

Legal advisers to the Company

As to Hong Kong laws:

David Fong & Co.

Unit A, 12/F
China Overseas Building
139 Hennessy Road
Wanchai
Hong Kong

As to Singapore laws:

Shook Lin & Bok LLP

1 Robinson Road
#18–00 AIA Tower
Singapore 048542

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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As to Cayman Islands laws:

Conyers Dill & Pearman

Cayman Islands attorneys-at-law

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

**Legal advisers to the Sole Sponsor
and the Underwriter(s)**

As to Hong Kong laws:

Addleshaw Goddard (Hong Kong) LLP

802-804 Champion Tower

3 Garden Road

Central

Hong Kong

As to Singapore laws:

Avant Law LLC

International Plaza

10 Anson Road

#10-02, Singapore 079903

Auditor and reporting accountant

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

22/F

Prince's Building

Central

Hong Kong

Industry consultant

Euromonitor International Limited

11 Keppel Road

#06-00 ABI Plaza

Singapore 089057

Singapore GST Adviser

Baker Tilly TFW LLP

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Internal control consultant

Baker Tilly Consultancy (Singapore) Pte. Ltd.

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER
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Compliance adviser

Anglo Chinese Corporate Finance, Limited

A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities

40th Floor

Two Exchange Square

8 Connaught Place

Central, Hong Kong

Receiving bank

DBS Bank (Hong Kong) Limited

11/F, The Center

99 Queen's Road Central

Hong Kong

CORPORATE INFORMATION

Registered office in the Cayman Islands	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit A, 12/F China Overseas Building 139 Hennessy Road Wanchai Hong Kong
Headquarters and principal place of business in Singapore	120 Lower Delta Road #12-06 Cendex Centre Singapore 169208
Joint company secretaries	Mr. Yu Chun Kit (余俊傑) (HKICPA) Room 2916 29/F Shui Lam House Tin Shui Estate Tin Shui Wai Yuen Long, New Territories Hong Kong Ms. Chung Ngar Yu Alice (鍾雅如) (Chartered accountant of Singapore) 120 Lower Delta Road #12-06 Cendex Centre Singapore 169208
Compliance officer	Mr. Goh Leong Heng Aris 12 Jalan Bukit Merah #09-5044 Singapore 150012

CORPORATE INFORMATION

Authorised representatives (for the purpose of the GEM Listing Rules)	Mr. Goh Leong Heng Aris 12 Jalan Bukit Merah #09-5044 Singapore 150012 Mr. Yu Chun Kit (余俊傑) (HKICPA) Room 2916 29/F Shui Lam House Tin Shui Estate Tin Shui Wai Yuen Long, New Territories Hong Kong
Audit committee	Ms. Lei Dan (雷丹) (<i>Chairlady</i>) Mr. John Lim Boon Kiat (林文杰) Mr. Kwok Kin Kwong Gary (郭建江)
Remuneration committee	Mr. Kwok Kin Kwong Gary (郭建江) (<i>Chairman</i>) Mr. John Lim Boon Kiat (林文杰) Ms. Anita Chia Hee Mei (Xie Ximei)
Nomination committee	Mr. Goh Leong Heng Aris (<i>Chairman</i>) Ms. Lei Dan (雷丹) Mr. John Lim Boon Kiat (林文杰)
Principal share registrar and transfer office in the Cayman Islands	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Branch Share Registrar and transfer office	Boardroom Share Registrars (HK) Limited 2103B, 21/F 148 Electric Road North Point Hong Kong

CORPORATE INFORMATION

Principal bankers

DBS Bank Limited

12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

United Overseas Bank Limited

80 Raffles Place
UOB Plaza
Singapore 048624

Company's website

www.proofer.com.sg

*(information of this website does not form part of
this prospectus)*

INDUSTRY OVERVIEW

The information that appears in this section has been prepared by Euromonitor and reflects estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in our Group. We believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this section has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters or any other party involved in the Share Offer and none of them give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Euromonitor, an independent market research company, to conduct a study of (i) the artisanal bakery chain retailing industry; and (ii) Japanese and Western fast casual dining industries, in Singapore for the period from 2014 to 2018 (the “**Review Period**”). We agreed to pay Euromonitor a fee of US\$70,000 for the preparation of the Euromonitor Report, and our Directors consider that such fee reflects market rates for reports of this type.

Established in 1972, Euromonitor is the world leader in strategy research for both consumer and industrial markets, with offices around the world and analysts in 100 countries.

The methodologies used by Euromonitor to collect and validate the relevant market data from multiple sources in compiling the Euromonitor Report included (i) secondary research, which involved reviewing published sources, including national statistics such as the Department of Statistics Singapore, SFA, MOM, Energy Market Authority and official sources such as publications, specialist trade press and associations, company reports, independent research reports, and data based on Euromonitor’s own research database; (ii) primary research, which involved interviews with a sample of leading industry participants and experts for the latest data and insights into future trends, supplemented by verification and cross-checking of data and research estimates for consistency; (iii) projected data obtained from a historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers; and (iv) review and cross-checks of all sources and independent analysis to build final estimates including the size, shape, drivers and future trends of the retailing and consumer foodservice industries in Singapore.

In compiling and preparing the Euromonitor Report, Euromonitor has adopted the following assumptions: (i) the economy is expected to maintain steady growth over the forecast period from 2019 to 2023 (the “**Forecast Period**”) in Singapore; (ii) the social, economic, and political environments of Singapore are expected to remain stable during the Forecast Period; (iii) there will be no external shocks which affect the demand for and supply of the artisanal bakery chain retailing, the Western and Japanese fast casual dining industries in Singapore; and (iv) key market drivers are expected to boost the development of the artisanal bakery, and the Western and Japanese fast casual dining industries. The research results may be influenced by the accuracy of these assumptions and the choice of these parameters. The market research was completed in July, 2019 and all statistics in the Euromonitor report are based on information available at the time of reporting. Euromonitor’s forecast data is derived from an analysis of the historical development of the market, the economic environment, and underlying market drivers, and it is cross-checked against established industry data and trade interviews with industry experts. Some of the information extracted from the Euromonitor Report are also referred to in the sections headed “SUMMARY”, “RISK FACTORS” and “BUSINESS” in this prospectus.

Our Directors are of the view that the sources of information used in this section are reliable as the information was extracted from the Euromonitor Report. Our Directors believe the Euromonitor Report is reliable and not misleading as Euromonitor is an independent research agency with extensive experience in its profession.

INDUSTRY OVERVIEW

Our Directors confirm that after making reasonable enquiries, there is no adverse change in the market information since the date of the commissioned report which may qualify, contradict or have an impact on the information in the section below.

INTRODUCTION

We are a multi-brand Singapore-based food and beverage group that operated and managed a total of 26 food establishments in Singapore as at the Latest Practicable Date, comprising:

- i. 16 artisanal bakery outlets under “*Proofer*” selling a wide selection of bakery products;
- ii. three bakery outlets under “*300 BC*” brand selling fresh bakery products, including breads and cakes at economical prices;
- iii. five Japanese fast casual dining under “*Yuba Hut*” brand restaurants (comprising four eateries with seating available and one takeaway shop). In addition, one of our “*Yuba Hut*” restaurants offers a unique dining experience where food is served to our customers through a miniature “bullet train” rail system;
- iv. one Western fast casual dining restaurant under “*Proofer*” brand with seating available for customers who want to enjoy our artisanal bakery products and light refreshment; and
- v. one Western fast casual dining restaurant under “*Laura*” brand serving our “protein bowls” and artisanal bakery products.

The following sections provide the discussions on our two core business operations in Singapore, which are the artisanal bakery chain and fast casual dining operations.

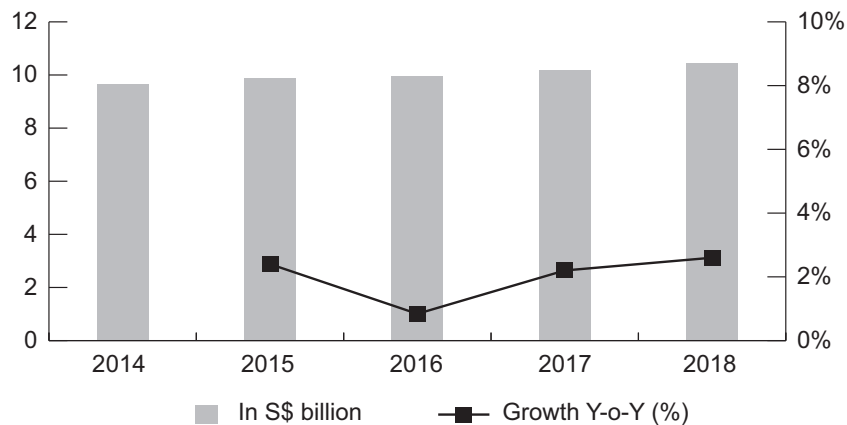
MACROECONOMIC ENVIRONMENT IN SINGAPORE

Consumer expenditure on food picks up with economy recovery

Over the Review Period, consumer expenditure on food rose at a CAGR of approximately 2.0% to reach approximately S\$10.5 billion in 2018.

As shown in the chart below, the growth was slowest in 2016 and highest in 2018, which corresponded with the performance of the general economy of Singapore. The slowdown of the economy in 2016 led to a drop in consumer confidence and an increase in consumers’ cautiousness about discretionary spending, such as dining out and purchasing of non-essential food items, which decelerated consumer expenditure on food. During 2017 and 2018, growth in consumer expenditure on food resumed as a result of the general economic recovery.

Consumer expenditure on food in Singapore



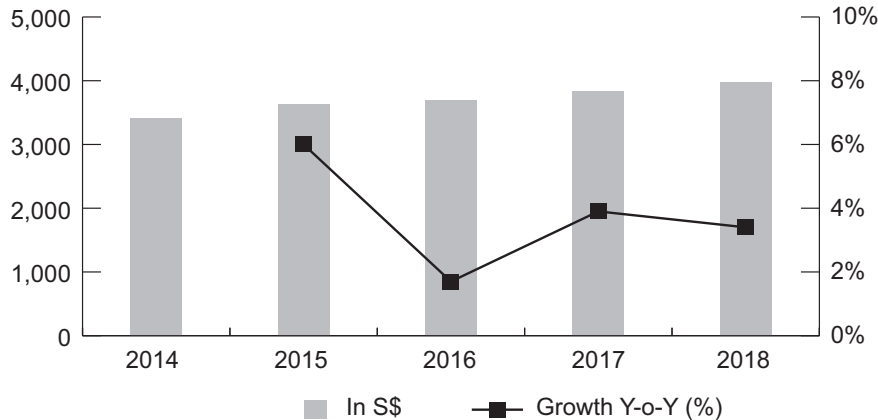
Source: Euromonitor Economies & Consumer data, 2019 edition.

INDUSTRY OVERVIEW

Upward trend of household income

Singapore consumers enjoy high spending power, as Singapore has one of the highest income levels in Asia Pacific region.

Average monthly household income from work per household member



Source: The Department of Statistics Singapore.

As shown in the chart above, the average monthly household income from work per household member grew in the Review Period at CAGR of approximately 3.8%, from S\$3,418 in 2014 to S\$3,969 in 2018. Singapore's high household income level and its growth indicate consumers' strong spending power on both essential products and services such as food and beverages, clothing and footwear, and on discretionary products, such as dining out, leisure and entertainment.

THE ARTISANAL BAKERY CHAIN RETAILING INDUSTRY IN SINGAPORE

Market overview

Growing popularity of artisanal bakery retailers

Artisanal bakeries are bakery retail outlets that sell different types of bread and other bread-based products which are primarily sold on site of production for home consumption rather than immediate consumption. Artisanal bakery products are not only consumed for breakfast or snacks, they are also often bought for sharing or gifting. There is a large variety of bakery products available in Singapore, ranging from traditional bakery products to Western bakery products and products with special ingredients.

As bakery products are largely a necessity, target market for artisanal bakery products is rather broad depending on specific locations, product offerings and price levels of the bakery retailers. The largest group of consumers for artisanal bakery products is the middle-income family group, which constitutes around 60% of Singapore's total population.

Chains expanding to serve more needs of targeted customers

Artisanal bakery chain retailers in Singapore mainly operate in areas close to shopping malls offices with high level of daily foot traffic. Those located in shopping malls tend to compete on product specialisation. Shopping malls typically only allow a maximum of three to five bakery outlets; hence, malls are rather selective in choosing bakery brands in order to ensure a good product mix of product offering. Bakery products sold in malls tend to be weighted towards sweet flavours as the main target customers are families. On the other hand, bakery retailers that are located in the CBD focus more on savoury products that are convenient for breakfast, snacks or lunch options for office workers as its main target market.

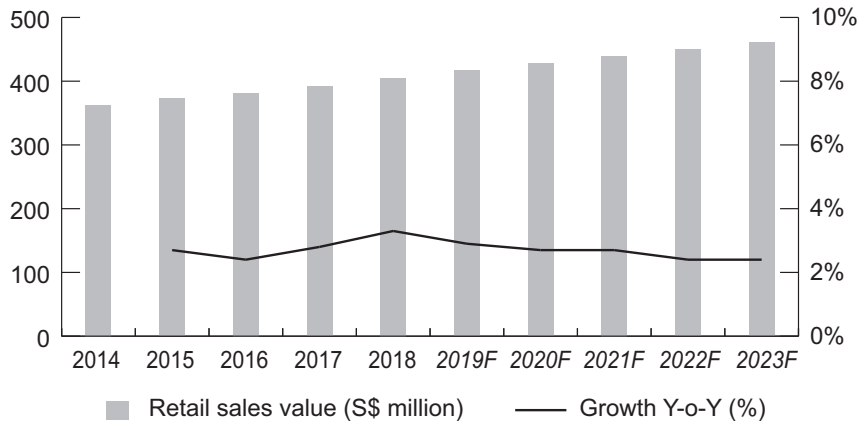
There is also a growing number of neighbourhood bakery retailers, typically located in housing estates or near MRT stations. Bakery retailers in neighbourhood areas tend to offer more affordable prices as their customer base includes a large portion of budget-conscious, low-to-middle income consumers.

INDUSTRY OVERVIEW

Market size

Total retail sales of the artisanal bakery chain retailing industry grew at a CAGR of approximately 2.8% from approximately S\$362.8 million in 2014 to approximately S\$405.3 million in 2018, and is predicted to increase from 2019 to 2023 at a CAGR of approximately 2.5%, reaching S\$460.7 million in 2023.

Market size of artisanal bakery chain retailing in Singapore



Source: Euromonitor estimates from desk research and trade interviews.

Singapore's economic slowdown in 2016 dragged down growth across retailing industries in the same year. However, the situation slowly recovered in 2017 and 2018. Artisanal bakery retailing was less significantly impacted as bakery goods are considered staples. The shift of consumer demand from traditional bread to more sophisticated bakery products and the growing demand for convenience food options also countered the negative impact on the industry caused by the economic slowdown.

Looking forward, the artisanal bakery retail sales will largely be underpinned by the broad demand as consumption of bakery products remains a necessity. In addition, high-end artisanal bakery chain retailers, with premium products and new products targeting the middle-to-high income consumers, are expected to benefit more from the positive outlook of the economy and rising disposable income in Singapore.

Market drivers

Growing demand for high quality artisanal bakery products from an increasingly sophisticated and connected consumer base

With the increasing globalisation of the Singapore economy, consumers are becoming more sophisticated and diligent in their choice of food products. With respect to bakery products, consumers want more than packaged bakery products sold in supermarkets as a result of the growing awareness and demand for artisanal bakery products, which provide higher quality and wider range of flavours. Products sold in artisanal bakery retailers are baked in-house or handmade, hence they are perceived to be more premium than mass-produced bread and cake. The increasing role of internet and social media in consumers' daily life gives consumers more exposure to artisanal bakery products.

Bakery products cater to consumers' demand for convenience

With the busy lifestyle in Singapore, consumers increasingly purchase pastries and bread on the go as snacks or quick meals in lieu of dining at home or restaurants. This trend is further fuelled by consumers' growing desire for instant gratification, whereby consumers want to make purchases without delay. Artisanal bakery chain retailers provide consumers with convenience and instant gratification by offering freshly baked pastries, bread and cakes that is ready for consumption. Furthermore, some bakery retailers have started to collaborate with third party delivery platforms to give consumers the added convenience of online ordering.

INDUSTRY OVERVIEW

Market constraints

High rental costs associated with the prime locations

High operating costs, particularly due to high rental costs and rising labour costs, are key constraints on artisanal bakery retailers. Due to the small size of Singapore, rental cost is relatively high and accounts for a significant part of total costs for artisanal bakery operators. Moreover, most artisanal bakery operators are located in prime malls or office areas, where rental costs are higher than locations with less traffic. Although retail rents have softened during the Review Period due to the subdued performance of the retailing industry, high rental cost is still the most often cited challenge to maintain profitability, particularly for outlets located in shopping malls. And the same constraint applies to warehouses and central production units. As a result, many brands choose to base their central production units in further areas such as Senoko/Ubi where rental cost is generally lower.

Manpower shortage

Manpower shortage has been a problem for the retailing and consumer foodservice industries in general. It is difficult for players to hire or retain staff for the bakery outlets because most Singaporeans prefer office-based jobs to working in retail shops and food establishments. The problem of manpower shortage is compounded by the government's policy to tighten foreign manpower supply in Singapore. The shrinking supply of foreign manpower combined with difficulty in recruiting locals have resulted in rising labour costs in the industry.

Outlooks

Bakery retailers are expected to leverage online platforms to capture more customers

Adoption of online food ordering and delivery is growing among Singapore consumers and is expected to further impact the business model of chained bakery retailers in the Forecast Period. Although the sales of artisanal bakery products are heavily dependent on physical product viewing and in-store experiences, consumers will still appeal to the convenience and time-saving benefits that these services provide, together with a large variety of purchasing options in one place. More brands are thus expected to offer their own online booking and delivery service, or to partner with third party food delivery platforms.

Bakery retailers catering to consumers' demand for healthy food

Healthy products offerings are expected to be the focus of product innovation for the industry as consumers in Singapore are getting more conscious of their health and nutrition intake. Demand for healthy bread options such as whole grain products, low sugar bread loaf and vegan options are expected to grow strong in the Forecast Period, especially among well-educated working consumers in the CBD.

Competitive landscape

Consolidated market structure for artisanal bakery chain retailers

The artisanal bakery chain retailing market is relatively consolidated, with top 10 artisanal bakery chain players accounted for more than 80% of artisanal bakery chain sales in 2018. There is a large spread of market positioning among artisanal bakery chain retailers. The leading players with an extensive network of outlets would target a broad consumer segment with a wide range of products. Smaller-scaled players with fewer outlets tend to have a more focused market position to target specific consumer segment. The industry has seen a steady stream of new entrants and new outlets by existing players in the Review Period. As a result, the level of competition has increased and may pose a challenge for players.

Larger scaled bakery retailers have advantages on operational flexibility

The artisanal bakery chain retailing industry has seen dynamic changes over the Review Period. Prompted by the success of artisanal bakery retailers and the growing culture of entrepreneurship, many Singaporeans have started their own artisanal bakery businesses. Some of them have gained success and grown into chained operations. Due to the increasing globalisation of the Singapore economy and consumers' aspiration for premium overseas brands, this industry has seen an increase in the presence of overseas brands.

INDUSTRY OVERVIEW

Large players with multiple outlets are capable to invest in larger central kitchens to enhance the quality and freshness of their offerings. Some smaller bakery retailers which do not have the capacity to keep up have been squeezed out of the market, which further increased market concentration. However, those strive for product quality and specialty are still expected to perform well.

The table below sets forth the top ten artisanal bakery chain brands in Singapore in terms of revenue in 2018:

Ranking	Revenue (S\$ million)	Market share (%)	Listing status	Number of outlets	Description of business	
1	Company A	111.8	27.6%	Public	43	Chained outlets mostly located in shopping malls. Menu focuses on breads and cakes.
2	Company B	64.0	15.8%	Private	27	Chained outlets mostly located in shopping malls. Menu focuses on breads and cakes, also offer cake online ordering and delivery.
3	Company C	49.2	12.1%	Private	46	Chained outlets mostly located in housing areas and some major shopping malls. Menu focuses on cakes. Also offer catering, foodservice supply, and outlet franchising.
4	Company D	38.2	9.4%	Private	43	Chained outlets mostly located in shopping malls. Menu focuses on cakes, also offer cake online ordering and delivery.
5	Company E	21.5	5.3%	Private	32	Chained outlets mostly located in shopping malls. Menu focuses on cakes, also offer cake online ordering and delivery and outlet franchising.
6	Company F	19.5	4.8%	Private	41	Chained outlets mostly located in housing areas, MRT stations and malls. Menu focuses on breads and cakes.
7	Our Group	8.4	2.1%	Private	15	Chained outlets mostly located in shopping malls and MRT stations. Menu focuses on breads, pizza and cakes also offer bakery and pizza delivery.
8	Company G	6.5	1.6%	Private	12	Chained outlets mostly located in shopping malls. Menu focuses on breads, also offer bakery delivery, bakery catering.
9	Company H	6.0	1.5%	Private	17	Chained outlets mostly located in housing areas. Menu focuses on breads and cakes.
10	Company I	5.8	1.4%	Private	11	Chained outlets mostly located in shopping malls. Menu focuses on breads and cakes, also offer cake pre-ordering and delivery.
Other participants		<u>74.4</u>	<u>18.4%</u>			
Total		<u>405.3</u>	<u>100%</u>			

Source: Euromonitor estimates from desk research and trade interviews.

Notes:

1. Our Group's data is based on the financial information for the calendar year ended 31 December, 2018.
2. Only the revenue generated from "Proofer" branded artisanal bakery chain outlets is included in the calculation of ranking, and bakery outlets under "300 BC" brand are excluded for the estimation of revenue in ranking. The revenue and market share of artisanal bakery chain brands, both listed and unlisted companies, are estimated from a fieldwork program consisting of available audited sources i.e. annual reports, desk research and trade interviews with industry players and trade associations, upon seeking a consensus on these estimates as much as possible.
3. Only the revenue generated from the artisanal bakery chain outlets is included in the calculation of ranking. Brands classified as other services are excluded for the estimation of a particular company's revenue in ranking.

Founded in 2013, our Group has grown into a chained bakery with 16 artisanal bakery outlets under our "Proofer" brand in Singapore as at the Latest Practicable Date. With a revenue of approximately S\$8.4 million for our operations of artisanal bakery chain outlets, our Group accounted for around 2.1% of the artisanal bakery chain market share in the calendar year of 2018, making it the seventh largest (in terms of market share) players in the artisanal bakery chain retailing industry.

THE FAST CASUAL DINING INDUSTRY IN SINGAPORE — JAPANESE

Market overview

Consumer foodservice in Singapore is a diverse industry with a wide range of cuisines, of which Asian cuisine has the largest foothold. Within Asian cuisines, Chinese, Japanese and Korean cuisines are the most popular ones because of the dominance of Asian population in Singapore.

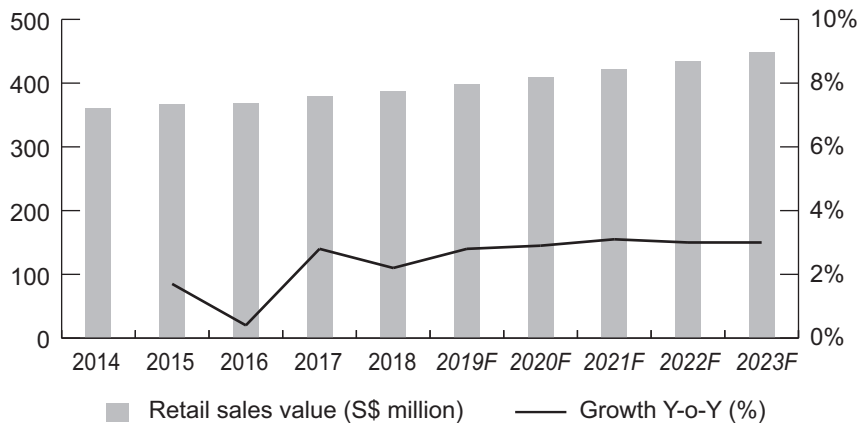
INDUSTRY OVERVIEW

The largest proportion of Japanese fast casual restaurants locate in the CBD, targeting professionals and business executives who look for quick, premium and affordable meals; while most of the rest cluster in basement of shopping malls, targeting families and young people. Most restaurants differentiate themselves by offering specialties, be it sushi, chirashi-don, ramen or tempura dishes.

Market size

Total sales for the industry grew moderately and steadily at a CAGR of approximately 1.8% from S\$360.6 million in 2014 to S\$386.9 million in 2018. The industry growth was lowest in 2016, attributable to a slower economy and weaker consumer demand as discussed in the sub-section headed “Macroeconomic environment in Singapore” above. The Japanese fast casual dining industry is expected to maintain healthy growth with a projected CAGR of approximately 3.0% between 2019 and 2023.

Market size of Japanese fast casual dining in Singapore



Sources: Euromonitor estimates from desk research and trade interviews.

Overall, growth in Japanese fast casual dining was driven by strong interest in Japanese cuisines and the growing culture of dining out during the Review Period. Contributions to this development are the increase in health awareness and demand for convenience. The growth in historical years was also fuelled by the continuous emergence of mid-price and low-price Japanese restaurants which have successfully enticed consumers from other types of cuisine by offering aggressive promotions and diverse specialties.

Market drivers

Affordable premium consumption on the rise

Consumers in Singapore have long considered Japanese food as a premium and sophisticated cuisine. In the recent years, the rise in income level and living standard in Singapore, especially for the middle-income population, have created a greater demand for affordable premium consumption. Consumers are now willing to pay slightly more to enjoy more premium options. The prevalence of quick-serving or fast casual dining concept caters specifically to this preference. The wide price range for Japanese food has turned the cuisine into a regular food choice rather than a ‘luxury’ as in the past years.

Consumers in Singapore are attracted to the sophistication and novelty of Japanese cuisine

With the restabilising of living standard and income in the recent years, consumers are now more willing to spend on food with new concepts and distinctive features. In fact, more space has been made available in shopping centres for the foodservice sector by converting retail outlets to foodservice outlets.

In this essence, Japanese cuisine caters well to the consumer preference in Singapore as many Japanese restaurants, especially Japanese fast casual outlets, have emerged with new specialty offerings and innovative dining concepts. Consumers in Singapore are exposed to not

INDUSTRY OVERVIEW

just various kinds of sushi, but also different specialty variations of udon, soba, ramen, katsu dishes. Japanese food also varies by season and region, which is an appealing characteristic to consumers in Singapore. Although market landscape for Japanese food in Singapore has been growing vastly, there are still certain variety and innovation of Japanese food that remains new to Singapore.

Market constraints

Regulatory requirements, manpower shortage and high rental costs

The main barriers of entry to new entrants include a large number of regulatory requirements, including the requirement to obtain Food Shop License, liquor license, Halal license and import license. New entrants are required to obtain a Food Shop License from the SFA. This involves the submission of relevant approvals and supporting documents, such as the approval from the relevant government agencies (i.e. Housing & Development Board and Urban Redevelopment Authority) for the premises to be used as a restaurant, tenancy agreement, layout of premises, food safety management plan etc. For details of the regulatory requirements, please refer to the section headed “REGULATORY REVIEW — Laws and regulations relating to our business operations.

For Japanese fast casual dining restaurants, the nature of the specialised menu requires higher-skilled chefs and cooks which are limited in number. The problem of manpower shortage is exacerbated by the tightening of the government’s foreign worker policies. Due to reductions in foreign workforce quota for the service sector, brands must hire more local workers for every foreign work they employ, which in turn contributed to higher labour costs as local workers generally command higher wages than foreign workers.

High rent is another challenge for most Japanese fast casual dining operators, as these restaurants tend to operate in shopping malls and central locations where rent is high. Combined with strong competition, high rental costs have been eating into the operators’ profits, meanwhile restaurants cannot fully transfer these costs to their customers by increasing prices.

Outlooks

Positive economic outlook underpins future growth of Japanese restaurants in Singapore

With positive economic outlook and rising disposable income, consumers are expected to dine out more often and there will be a growing number of consumers with higher income who dine out in high quality Japanese restaurants. Demand growth will be supported by the appearance of new Japanese restaurants and outlets, thanks to the continued recovery of the retail industry and growing number of consumer foodservice operators in shopping malls. As consumers gain exposure to different types of Japanese food, demand for Japanese food is expected to become more sophisticated, with growing interest in different varieties of Japanese cuisines.

More restaurants expected to partner online delivery platforms to increase outreach

Although offline purchase is still the dominant channel for food consumption, contribution from online channels did increase significantly during the Review Period, mainly due to the rise of online food delivery third party providers and the growing demand for convenience from the large group of technology savvy consumers. It is expected that online food delivery will play a more important role for foodservice in the Forecast Period.

Competitive landscape

Restaurants with innovative concept and menu outperform traditional sushi restaurants

During the Review Period, several well-established chains had to shut down outlets due to rising costs of operations and increased competition. On the other hand, market sees many new boutique entrants opening outlets across Singapore with positive revenue growth throughout the years. The lack of changes in restaurant concept and menu offerings may have been the main reasons for the closure of those well-established outlets as they lost interest from the consumers who demanded more sophisticated food.

Moving forward, brands in the Japanese fast casual dining industry are expected to further compete on menus and dining experiences to maintain or gain their market shares, for instance, offering of unique ingredients and personalising the dining experience such as the do-it-yourself concept.

INDUSTRY OVERVIEW

The table below sets forth the top five Japanese fast casual dining brands in Singapore in terms of revenue in 2018:

Ranking		Revenue (S\$ million)	Market share (%)	Listing status	Number of outlets	Description of business
1	Company J	105.5	27.3%	Public	51	Chained outlets mostly located in shopping malls, with over 10 outlets. Operate multiple brands with different specialty, including: sushi, don, tempura, udon, soba, etc. Some brands offer delivery service.
2	Company K	60.9	15.7%	Public	20	Chained outlets mostly located in shopping malls, with over 10 outlets. Operate multiple brands with different specialty, including: ramen and dumplings. Most brands offer delivery service.
3	Company L	43.2	11.2%	Private	19	Chained outlets mostly located in shopping malls, with over 10 outlets. Menus focus on mainstream sushi and sashimi items, also offer delivery service.
4	Company M	26.6	6.9%	Public	20	Chained outlets mostly located in shopping malls, with over 10 outlets. Menus focus on sushi and sashimi, with available selection of noodles, agemono, yakimoni, nabemono, tempura, etc., also offer delivery service.
5	Company N	17.5	4.5%	Private	13	Chained outlets mostly located in shopping malls, with over 10 outlets. Menus focus on sushi and sashimi, with available selection of noodles, agemono, yakimoni, nabemono, tempura, etc., also offer delivery service.
	Other participants	133.2	34.4%			
	Total	386.9	100%			

Sources: Euromonitor estimates from desk research and trade interviews.

Our Group operates its Japanese fast casual dining business under our brand “Yuba Hut”. As at the Latest Practicable Date, there were five “Yuba Hut” restaurants in Singapore, serving sushi (e.g. maki rolls), donburi rice bowls, yakitori, sashimi and Japanese side dishes. Launched in 2017, our “Yuba Hut” brand is relatively new to the market, but it has quickly grown in number of outlets in a crowded market. As of the calendar year of 2018, “Yuba Hut” had approximately 0.7% of market share in terms of revenue.

THE FAST CASUAL DINING INDUSTRY IN SINGAPORE — WESTERN

Market overview

Well-established industry with diverse customisation and innovative concepts

The growth of Western cuisine has been accompanied by the internationalisation of population in Singapore and the rise in income level among consumers, especially in the mid to high-income segments. Over the years, the variety of cuisines has increased, with restaurants specialising in cuisines originating from the Western and Eastern European countries and North America. Despite the well-established presence, growth of Western fast casual dining brands in Singapore has been constrained by their lack of innovative food offerings. Much effort by Western restaurants has been put into innovation to change consumers’ perception, highlighting a few themes of new concept observed during the review period. These include the rise in fusion food offering, menu customisation or build-your-own meal menu, different levels of service catering to consumers with different budgets and to different dining occasions.

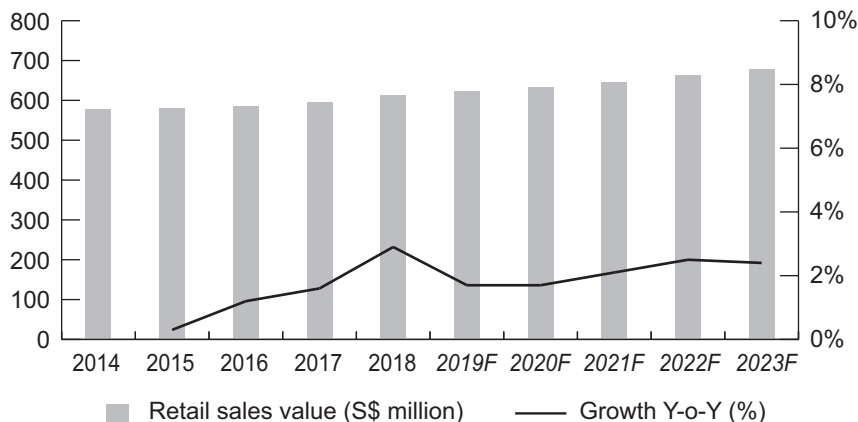
Young consumers are important target customers to Western fast casual dining restaurants, as these consumers are attracted to the convenience of Western food, their modern decorations and affordable prices. Nevertheless, Western fast casual dining restaurants do not limit their target audience to younger consumers. They also target families, as well as professionals looking for quick lunch options.

Market size

Total retail sales of the Western fast casual dining industry grew at a CAGR of approximately 1.5% from approximately S\$577.9 million in 2014 to approximately S\$612.7 million in 2018. The growth increase was mainly driven by the recovery of the economy downturn since 2015, seeing both an increase in the number of brands and outlets in the market and a rise of the middle-income group. The retail sales value of Western fast casual dining industry in Singapore is predicted to increase from 2019 to 2023 at a CAGR of approximately 2.2%, reaching S\$679.4 million in 2023.

INDUSTRY OVERVIEW

Market size of Western fast casual dining in Singapore



Sources: Euromonitor estimates from desk research and trade interviews.

Market drivers

Dining out for Western food becoming a norm for Consumers in Singapore

After the spike in consumer's fascination with Western cuisine in the 2000s, dining out in Western fast casual dining restaurants is a norm rather than a luxury. The rise in disposable income is a key driver for consumers to seek better service and food quality. They are able to afford the premium pricing in fast casual outlets, which generally provide more comfortable dining environment compared to fast food outlets, hawker centres and food courts.

Reaching more customers via online technology and social media platforms

The increasing prevalence of internet has transformed consumer behaviours and influenced how Western fast casual dining restaurants operate, attract and retain consumers. This is reflected in the increasing adoption of online reservation, online ordering and food delivery services, and social media. A growing number of restaurants have signed up on third party platforms to allow customers to make real time reservations, while some created their own online booking systems. The steep growth of reservation platforms in the recent years poses a potential for Western fast casual dining to draw in the more tech-savvy and time-conscious customers. The rise in online ordering and food delivery services by third party platforms is likely to increase the demand in the Western fast casual dining industry. In addition, many restaurants now have their own social media accounts. This creates additional channels for restaurants to market their products and for customers to share their dining experiences with other technology-savvy consumers.

Market constraints

Regulatory requirements, high setup capital are key barriers to entry

The main barriers of entry to new entrants include a large number of regulatory requirements, including the requirement to obtain Food Shop License, liquor license, Halal license and import license. New entrants are required to obtain a Food Shop License from the SFA. This involves the submission of relevant approvals and supporting documents, such as the approval from the relevant government agencies (i.e. Housing & Development Board and Urban Redevelopment Authority) for the premises to be used as a restaurant, tenancy agreement, layout of premises, food safety management plan etc. For details of the regulatory requirements, please refer to the section headed "REGULATORY REVIEW — Laws and regulations relating to our business operations.

Similar to other consumer foodservice operators, Western fast casual dining restaurants face the challenges of manpower shortage and high operating costs, particularly rental costs and labour costs. Since most Western fast casual dining restaurants need to be located in prime locations with high traffic flow, the effect of high rental costs is more pronounced for the industry.

INDUSTRY OVERVIEW

Outlooks

Growth to pick up in the Forecast Period

Growth in 2019 and 2020 is expected to be hindered comparing to that in 2017 and 2018 as potential trade wars between China and the U.S. and Brexit in Europe are likely to cause economic headwinds weighing on consumer sentiment and lowering spending on dining out. Nevertheless, Western fast casual dining is still expected to outperform consumer foodservice as a whole, for as in a slower-growth environment, budget-conscious consumers will be more inclined towards affordable dining options, such as fast casual restaurants.

The growth is expected to pick up again and continue to grow faster in the following years as consumers in Singapore turn more to fast and convenient food options due to the hectic lifestyle. Thanks to the relative affluence of Singaporeans, most consumers will be willing to pay more to enjoy better quality of food from fast casual dining restaurants than that at quick-service restaurants.

Healthy eating trend impacts on brands' positioning

The strive of healthy living lifestyle will significantly influence the development of Western fast casual industry in the Forecast Period. Consumers' growing consciousness of their diet will encourage preferences for food options that are perceived as healthier. In order to retain customers, it is expected that more Western fast casual dining restaurants will shift their brand positioning towards a healthy brand image by changing and expanding their menus to offer healthier food items. It is also expected that the number of players and new entrants opened to cater to the specific demand from health-conscious customers will rise, following the strong growth of new grain bowl restaurants.

Competitive landscape

A well-established market landscape turning more fragmented

During the Review Period, Western fast casual dining industry has become more fragmented and highly competitive, particularly with the entrance of new players with two to three outlets. The top five players, all of which are chained brands, account for more than 35% of the market share by retail sales value. Some major brands in the market have seen a decrease in sales value between 2014 and 2018, which reflects consumers' shift from well-established brands to newer and more innovative brands. Among the large restaurants, most players have decided to avoid the 'chained restaurant' concept but to opt for a 'chain group of restaurants' concept having different brands under the same umbrella group to leverage the variety of options and reach out to different target market segments, while maintaining economies of scale in operation.

Players compete on price, product and location

Western fast casual dining restaurants in Singapore usually compete on a combination of price, product and location. Restaurants compete to offer the best price through promotions and deals to appeal to their price-sensitive group of target market, namely young consumers and middle and low-income families. As consumers are conscious of the value for money, Western fast casual dining restaurants also compete on the quality of food offered. In recent years, the competition on quality has expanded to include product innovation. Lastly, the choice of location is important, depending on the target audience of the restaurants. Western fast casual restaurants that target students and families are usually located at town centres and heartland malls, while those targeting professionals and office workers tend to be located in the CBD or office areas.

The table below sets forth the top five Western fast casual dining brands in Singapore in terms of revenue in 2018:

Ranking	Revenue (S\$ million)	Market share (%)	Listing status	Number of outlets	Description of business	
1	Company O	57.8	9.4%	Public	28	Chained outlets mostly located in shopping malls. Menu focuses on grilled and fried dishes, pasta, pizza, salads, wide range of desserts and cakes. Also offer delivery service.
2	Company P	45.4	7.4%	Private	27	Chained outlets mostly located in shopping malls, some outlets in housing areas. Menu focuses on pasta, pizza, salads. Also offer delivery service.
3	Company Q	39.4	6.4%	Private	28	Chained outlets mostly located in shopping malls. Menu focuses on salads, sandwiches, wide range of breads and cakes. Also offer delivery service.
4	Company R	38.4	6.3%	Private	10	Chained outlets mostly located in shopping malls, also offer delivery service. Menu focuses on grilled dishes, soup, burgers, salads, wide range of cakes and beverages.
5	Company S	36.3	5.9%	Private	26	Chained outlets mostly located in shopping malls, also offer delivery service. Menu focuses on pizza, pasta, burger.
	Other participants	395.4	64.5%			
	Total	612.7	100%			

Sources: Euromonitor estimates from desk research and trade interviews.

INDUSTRY OVERVIEW

Our Group operates two brands in the Western fast casual dining segment, which are “Proofer” and “Laura”. “Proofer” restaurant currently has one outlet in United Square which was opened in July, 2018. The growing trend of restaurants featuring Western foodservice in recent years is generally endorsed by consumers. “Laura” restaurant, on the other hand, is our Group’s new brand with healthy food positioning, aiming to target the health-conscious crowd. As at the Latest Practicable Date, “Laura” restaurant had only one outlet in Tampines which was opened in June, 2018.

The combined market share of the two brands is relatively small, as our Company is still new to the Western fast casual dining industry. Accumulated total market share for these two brands in the calendar year of 2018 is estimated to be merely 0.17%.

COST ANALYSIS IN SINGAPORE

Food ingredients

Food cost is one of the major cost items for bakery retailing and fast casual dining industry. From 2014 to 2018, food price had been increasing in Singapore, as demonstrated by the increase in Singapore’s Food Price Index from 100.0 to 107.0, representing a CAGR of approximately 1.7%. The table below sets forth the major food ingredient costs pertinent to our bakery outlets and fast casual dining operation in Singapore from 2014 to 2018:

	2014	2015	2016	2017	2018	CAGR (%) 2014 to 2018
Food Price Index	100.0	101.9	104.0	105.5	107.0	1.7
Average import price — Flour (S\$/kg)	2.37	3.10	3.50	1.61	2.09	-3.1
Average import price — Eggs (S\$/egg)	0.13	0.11	0.10	0.09	0.10	-5.4
Average import Price — Milk (S\$/litre)	1.66	1.65	1.55	1.67	1.66	-0.8
Average import Price — Butter (S\$/kg)	6.33	5.84	5.48	8.22	8.86	8.0
Average import price — Rice (S\$/kg)	0.87	0.83	0.87	1.11	1.04	4.6
Average import price — Fish (S\$/kg)	4.95	5.17	6.09	6.27	6.56	7.3

Sources: The Department of Statistics Singapore, SFA, UN Comtrade data as of June, 2019, HS Code: 110510, 0405, 0401, 1006.

Rental

Rental prices for retail premises in Singapore showed an overall decline from 2014 to 2018. The decrease was mainly due to an underperforming retail industry, with Orchard Area displaying some resistance to falling rent. Although retail rents have declined in the Review Period, Singapore’s high retail rent remains a persistent challenge for consumer foodservice operators.

	2014	2015	2016	2017	2018	CAGR (%) 2014 to 2018
Orchard area (S\$/sq. feet)	10.8	10.8	9.9	9.7	9.8	-2.6
Central area — Outside Orchard (S\$/sq. feet)	6.4	6.4	5.7	5.4	5.4	-4.3
Outside central area (S\$/sq. feet)	6.7	6.6	6.2	5.7	5.6	-4.3

Source: The Department of Statistics Singapore.

Labour

Labour cost is also one of the major cost items for bakery retailing and fast casual dining industries. Average wage grew strongly during the Review Period with a CAGR of approximately 4.2%. In 2018, average monthly wage reached S\$4,437, up from S\$3,770 in 2014. During the Review Period, the introduction of foreign manpower tightening policies by the Singapore Government has reduced labour supply and pushed up wages in Singapore. The table below sets forth the average wage in Singapore from 2014 to 2018:

	2014	2015	2016	2017	2018	CAGR (%) 2014 to 2018
Average wage (S\$/month)	3,770	3,949	4,056	4,232	4,437	4.2

Source: The Ministry of Manpower, Singapore.

REGULATORY OVERVIEW

This section summarises the principal laws and regulations of Singapore which are or may be relevant to our Group's operations and the food and beverage industry in Singapore. Having made all reasonable enquiries and to the best of the knowledge of our Directors, our Directors confirm that save as disclosed in this section and the section headed "BUSINESS — Non-compliance matters" in this prospectus, our Group has complied with all material applicable laws and regulations in Singapore including the obtaining of all necessary licences and certificates for our business during the Track Record Period and up to the Latest Practicable Date. Save as disclosed below, as at the Latest Practicable Date, our current and intended future business operations are not subject to any special legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and, or operating in Singapore.

OVERVIEW OF THE LAWS AND REGULATIONS OF SINGAPORE

Our business operations in Singapore consist of our bakery outlets, our restaurants and a central kitchen, and are mainly regulated by the SFA. Besides the business registration required for the commencement of a food and beverage business, the following licences and certifications are also required:

- Food Shop Licence granted by the SFA, and prior to 1 April, 2019, the NEA;
- Licence to Operate Food Establishment granted by the SFA, and prior to 1 April, 2019, the AVA; and
- Excellence in Cleanliness & Food Hygiene granted by the SFA, and prior to 1 April, 2019, the NEA

The SFA was formed to take over the food safety and security functions of the AVA, the NEA and the Health Sciences Authority from 1 April, 2019 and has regulatory oversight over all food-related matters. For licences previously granted by the NEA or the AVA, our Group is not required to re-apply for licences with the SFA unless its licences have expired. All existing licences issued by the NEA and AVA will remain valid until the stated expiry dates, after which our Group will be required to renew such licences with the SFA.

Laws and Regulations Relating to our Business Operations

The Environmental Public Health Act (Chapter 95) of the Statutes of the Republic of Singapore

The EPHA requires any person who operates or uses a food establishment to obtain a Food Shop Licence. Under the EPHA, "food establishment" includes any retail food establishment where food is sold wholly by retail (whether or not the food sold is also prepared, stored or packed for sale or consumed at such premises), such as restaurants and supermarkets, and any catering establishments providing a catering service whereby food is prepared, packed and thereafter delivered to a consumer for his consumption or use. Retail food establishments or catering establishments that are part of a non-retail food business within the meaning of the Sale of Food Act are exempted from obtaining a licence under the EPHA.

REGULATORY OVERVIEW

The Food Shop Licence, usually granted for a period of one year, is renewable at the discretion of the Director-General, Food Administration and subject to such restrictions and conditions as the Director-General, Food Administration may think fit. As our Group operates food establishments, we are required to obtain licences from the Director-General, Food Administration.

The EPHR requires a licensee holding a Food Shop Licence to exhibit such licence in a conspicuous and accessible position within the licensed premises at all times. The EPHR also provides that a licensee holding a Food Shop Licence must adhere to certain requirements in relation to, amongst others:

- the registration of the food handler with the Director – General of Public Health;
- the storage and refrigeration, packaging, transportation, sale and preparation of food;
- the cleanliness of equipment used in the licensed premises;
- the upkeep and maintenance of the licensed premises; and
- the personal cleanliness of any persons who are engaged in the sale or preparation for sale of food.

A food handler who wishes to register with the SFA is required to undergo and complete the training and assessment of the Basic Food Hygiene Course conducted by training providers at assessment centres that are accredited by SkillsFuture Singapore (“**SSG**”). The Basic Food Hygiene Course was introduced by the NEA and is aligned to the Food & Beverage Workforce Skills Qualification system launched by the SSG as the national qualification system for the food and beverage industry.

Under the Basic Food Hygiene Course, participants will learn and be assessed on their ability to apply the knowledge and skills in the Workforce Skills Qualifications Follow Food and Beverage Safety and Hygiene Policies and Procedures which include practising good personal hygiene, using safe ingredients, handling food safely, storing food safely and maintaining the cleanliness of utensils, equipment and service or storage areas. Upon successful completion of the course and assessment, participants will be awarded a Statement of Attainment (“**SOA**”) which is to be submitted along with the registration application. In addition, food handlers who have already passed the Basic Food Hygiene Course are required to attend a refresher training session by (a) the fifth year of their SOA date; and (b) every tenth year from the last refresher course passed date. As at the Latest Practicable Date, 42 of our employees had been awarded the SOA, and 3 of our employees attended the refresher training sessions.

The SFA has in place a points demerit system whereby demerit points are given for each public health offence that is convicted in court or compounded, depending on severity, and it ranges from zero demerit points for minor offences, to four demerit points for major offences, to six demerit points for serious offences. A licensee which accumulates 12 or more demerit points within any 12-month period is liable to have its licence to operate

REGULATORY OVERVIEW

suspended for two or four weeks, or cancelled depending on its past suspension records. During the Track Record Period and up to the Latest Practicable Date, our Group had not been penalised or convicted for any public health offences.

As at the Latest Practicable Date, our Group has obtained the relevant Food Shop Licences for each of our bakery outlets and restaurants in Singapore and SOAs for all of its food handlers. Please refer to the section headed “BUSINESS — Licences and approvals” in this prospectus for further details of the Food Shop Licences obtained by our Group.

Grading System for Eating Establishments

The Grading System for Eating Establishments is a structured system of appraisal, and which encourages licensees to practise good personal and food hygiene and housekeeping of their premises. Retail food establishments are assessed by the SFA (and prior to 1 April, 2019, the NEA) and are awarded a grade ranging from A to D. All retail food establishments are advised to display the certificate indicating their grade to enable the public to make informed choices when patronising food outlets. However, according to the SFA, certain retail food establishments holding a Foodshop (Bakery) or Foodshop (Pub/Bar) licence will not be subject to the compulsory requirement for inspection as such licensees do not require any grading assessment.

As at the Latest Practicable Date, none of our outlets in Singapore have been inspected by the SFA under the Grading System for Eating Establishments following the expiry of any previous grades awarded. During the Track Record Period and up to the Latest Practicable Date, save for five outlets, the remaining outlets had not been graded and, or subject to compulsory inspection requirement as they do not require any grading assessment. The assessment of hygiene standards is conducted independently under the inspection regime of SFA. Our Directors confirm that our Group will take the necessary steps to uphold high hygiene standards at all times and be consistent in our efforts to work towards attaining the award.

SFA will introduce a new Food Hygiene Recognition Scheme (the “**FHRS**”) in late 2020 for licensed food retail establishments to recognise and affirm consistent efforts in upholding high hygiene standards. Under the new FHRS, food retail establishments will attain a Bronze, Silver or Gold award based on at least two, five or ten years of good hygiene track records, respectively. Upon implementation in 2020, this new FHRS will replace the current NEA food hygiene grading system.

Sale of Ready-to-Eat Raw Fish Dishes

For the sale of ready-to-eat (“**RTE**”) raw fish that are saltwater fish, retail food establishments holding a foodshop (restaurant) licence or a foodshop (takeaway) licence are required to source their RTE raw fish from suppliers that hold a valid licence issued by the SFA (or prior to 1 April, 2019, the AVA), for example, the licence for import, export and transshipment of meat products and fish products and, or the licence to operate a food processing establishment. During the Track Record Period and up to the Latest Practicable Date, the RTE raw fish we sold at our “*Yuba Hut*” restaurants are confined to saltwater fish, and we purchased such RTE raw fish from fish suppliers holding a valid licence(s).

REGULATORY OVERVIEW

Sale of Food Act (Chapter 283) of the Statutes of the Republic of Singapore

The Sale of Food Act requires any person who carries out a non-retail food business to obtain a licence (“**Food Processing Establishment Licence**”) from the Director-General, Food Administration. Under the Sale of Food Act, “non-retail food business” means a food business that is not carried out for a purpose specified in the First Schedule to the EPFA and is not a primary food production business, but includes a food business a component of which is a business, an undertaking or activity carried out for a purpose specified in the First Schedule to the EPFA. Without limiting the generality of the foregoing, a “non-retail food business” within the meaning of the Sale of Food Act includes (but is not limited to) central kitchens supplying food prepared, cooked and packed for the purpose of distribution to retail food businesses. Licensees holding a Food Processing Establishment Licence must also comply with the requirements set out in the relevant subsidiary legislation of the Sale of Food Act.

Regulation 5 of the Sale of Food (Non-Retail Food Business) Regulations (“**SFNFBR**”) requires a licensee holding a Food Processing Establishment Licence to exhibit such licence in a conspicuous position within the licensed food establishment. The SFNFBR also provides that a licensee holding a Food Processing Establishment Licence must adhere to certain requirements, including ensuring that food is stored in such a way that it is protected from the likelihood of contamination and that the environmental conditions under which it is stored will not adversely affect the safety and suitability of the food and maintaining prescribed standards of personal cleanliness in relation to persons who are engaged in the preparation of food.

Regulation 5 of the Food Regulations, enacted pursuant to Section 56(1) of the Sale of Food Act, provides that no person may import, advertise, manufacture, sell, consign or deliver any prepacked food if the package of pre-packed food does not bear a label containing all the particulars required by the Food Regulations. Further, it is an offence to import, sell, consign or deliver any pre-packed food with an expired date mark. As at the Latest Practicable Date, all the prepacked food products that we offered for sale complied with the general labelling requirements of the Food Regulations.

Regulation 9 of the SFNFBR requires every licensee of a Food Processing Establishment Licence to ensure that food is packed (i) with packing material that is fit for its intended use; (ii) with material that is not likely to contaminate the food; and (iii) with care to prevent any contamination during the packaging process.

Any person who fails to comply with the Sale of Food Act, the SFNFBR and, or the Food Regulations will be guilty of an offence and may be liable on conviction to monetary fines and, or custodial sentences.

As at the Latest Practicable Date, our Group has obtained a Food Processing Establishment Licence which is valid until 31 July, 2020 for the purpose of manufacturing flour confectionery and bakery products at our central kitchen located at 171 Kampong Ampat #06–12 KA Foodlink Singapore 368330.

REGULATORY OVERVIEW

Annual Grading Assessment for Licensed Non-Retail Food Establishments

The SFA carries out an annual on-site audit assessment on SFA-licensed non-retail food establishments. The SFA classifies non-retail food establishments into four grades: A (Excellent), B (Good), C (Average) and D (Pass) based on their food hygiene and food safety standards. Each establishment is graded prior to the expiry of its Food Processing Establishment Licence and is reassessed annually.

Licensed non-retail food establishments are assessed based on the following set of criteria which includes, 1) premises (general cleanliness and housekeeping); 2) food storage; 3) food processing equipment and facilities; 4) pest control program; 5) food handling and staff facilities; 6) product identification and traceability; 7) dispatch and transport; 8) product inspection and lab testing; 9) foreign body control; 10) rework; 11) management of allergen; 12) implementation of quality control programs; 13) staff competency and food hygiene training; 14) documentation and records; and 15) violation records. Our Directors confirm that our central kitchen located at 171 Kampong Ampat #06-12 KA Foodlink Singapore 368330 has been and is compliant with the abovementioned set of criteria during the Track Record Period. As at the Latest Practicable Date, our central kitchen attained a D grade under the annual grading assessment for SFA-licensed non-retail food establishments.

Housing & Development (Common Property and Open Spaces) Rules

The Housing & Development (Common Property and Open Spaces) Rules (“HDR”), which are regulated by the Housing & Development Board (“HDB”), apply to the use of common property and open space vested in or held in trust for the HDB. It regulates the operations of eating establishments on HDB’s premises. Under the HDR, no person shall place, deposit, keep or leave or cause or permit to be placed, deposited, kept or left any material, article, object or thing on any common property or in any open space within a housing estate except in any place designated by the HDB for that purpose; or erect or install any fixture, structure, object or material on any common property or in any open space within a housing estate. As the premises of one of Aris Gourmet’s retail bakery outlets located at Blk 681 Punggol Drive #02-07/08 Singapore 820681 (Oasis Terraces) is leased from the HDB, we are required to ensure that our operations at this food and beverage outlet comply with the HDR.

The HDR provides that any person who contravenes or fails to comply with any of the provisions of the HDR shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000.

Laws and Regulations Relating to Employment and Labour Protection

Workplace Safety and Health Act (Chapter 354A) of the Statutes of the Republic of Singapore (“WSHA”)

The WSHA, which is under the purview of the MOM, requires every employer to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of its employees at work.

REGULATORY OVERVIEW

These measures include, amongst others:

- providing and maintaining a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work;
- ensuring that adequate safety measures are taken for any machinery, equipment, plant, article or process used at the workplace;
- developing and implementing procedures for dealing with emergencies that may arise; and
- ensuring that workers are provided with adequate instruction, information, training and supervision as are necessary for them to perform their work.

Sections 20 and 50 of the WSHA provide that a person who breaches any duty imposed on him under the WSHA shall be guilty of an offence and where applicable, shall be liable on conviction: (a) in the case of a natural person, to a fine not exceeding S\$200,000 or to imprisonment for a term not exceeding 2 years or to both; and (b) in the case of a body corporate, to a fine not exceeding S\$500,000.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, amongst others, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with.

Under the WSHA, the CWSH may serve a stop-work order in respect of a workplace if he is satisfied that:

- the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- any person has contravened any duty imposed by the WSHA; or
- any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work at the workplace to be carried on with due regard to the safety, health and welfare of the persons at work. During the Track Record Period and up till the Latest Practicable Date, our Group had not been served with any stop-work order.

REGULATORY OVERVIEW

Employment Act (Chapter 91) of the Statutes of the Republic of Singapore

The Employment Act is the main legislation governing employment in Singapore, and is administered by the MOM. With effect from 1 April, 2019, the Employment Act covers every employee who is under a contract of service with an employer, including persons employed in managerial and executive positions, except for domestic workers, seafarers and any person belonging to any other class of persons whom the MOM may, from time to time by notification in the Gazette, declare not to be employees for the purposes of the Employment Act.

Part IV of the Employment Act, which applies only to (i) workmen earning basic monthly salaries of not more than S\$4,500; and (ii) employees (other than workmen or persons employed in managerial or executive positions) earning basic monthly salaries of not more than S\$2,600, sets out requirements relating to, amongst others, working hours, overtime, rest days, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service. This includes the requirement under Section 38(5) of the Employment Act that an employee shall not be permitted to work overtime for more than 72 hours a month. A workman is defined under the Employment Act as including, amongst others, (i) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any artisan or apprentice, but excluding any seafarer or domestic worker; or (ii) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work. Any employer who contravenes Part IV of the EA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016 (“Employment Regulations”)

Pursuant to the Employment Regulations, all employers will be required to make employee records relating to an employee for every matter specified in the First Schedule of the Employment Regulations, issue itemised pay slips and give a written record of the key employment terms (“KETs”) to employees covered under the Employment Act.

Under the Employment (Administrative Penalties) Regulations 2016, the MOM has set up a framework to treat less severe breaches of the Employment Act as “civil breaches” which attract administrative penalties. For a start, the breaches are:

- failure to issue itemised pay slips;
- failure to issue KETs in writing;
- failure to maintain complete and accurate employee records; and
- provision of inaccurate information to the Commissioner for Labour or inspecting officer(s) without the intent to defraud or mislead.

REGULATORY OVERVIEW

Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore

(i) General

The EFMA provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

In relation to the employment of semi-skilled or skilled foreign workers, employers must ensure that such persons apply for a “Work Permit”. In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for a “S Pass”. The S Pass is intended for mid-level skilled foreigners who earn a monthly fixed salary of at least S\$2,300.

In relation to the employment of foreign professionals, employers must ensure that such persons apply for an “Employment Pass”. The Employment Pass is intended for professionals who earn a monthly fixed salary of at least S\$3,300. From 1 January, 2017, new Employment Pass applicants will have to earn a fixed monthly salary of S\$3,600 or more.

Our Group is considered to fall under the “services” and “manufacturing” sectors. The availability of the foreign workers to the services industry is dependent on, amongst others, the policies of MOM in connection with:

- the countries from which foreign workers may be sourced;
- the requirements and procedures for the issue of work permits;
- the imposition of security bonds and levies; and
- the DRC determined based on the ratio of local to foreign workers.

(ii) Approved source countries for service and manufacturing sectors

The approved source countries or regions for workers in the services and manufacturing industries are Malaysia, the PRC, Hong Kong, Macau, South Korea and Taiwan.

(iii) Security bond

A S\$5,000 security bond in the form of a banker’s guarantee or insurance guarantee is required to be placed for each non-Malaysian work permit holder that the Group employs in Singapore. The employer will be discharged from the security bond liability only when the work permit has been cancelled and the foreign worker has returned to his home country, and there were no breaches of the conditions of the work permit, security bond or any relevant law.

REGULATORY OVERVIEW

(iv) Levies

Under the Employment of Foreign Manpower (Levy) Order 2011, the employment of foreign workers is also subject to the payment of levies. For the services sector, employers must pay the requisite levy according to the quota and qualification of the foreign workers employed. The levy rates are tiered so that those who hire close to the maximum quota will pay a higher levy.

The levy rate for the services sector are as follows in relation to general work permit holders:

Quota	Basic skilled (monthly)	Basic skilled (daily)	Higher skilled (monthly)	Higher skilled (daily)
Basic Tier/Tier 1: Up to 10% of the total workforce	S\$450	S\$14.80	S\$300	S\$9.87
Tier 2: Above 10% to 25% of the total workforce	S\$600	S\$19.73	S\$400	S\$13.16
Tier 3: Above 25% to 40% of the total workforce	S\$800	S\$26.31	S\$600	S\$19.73

The levy rate for the services sector are as follows in relation to S pass holders:

Quota	Monthly	Daily
Basic/Tier 1: Up to 10% of the total workforce	S\$330	S\$10.85
Tier 2: Above 10% to 15% of the total workforce	S\$650	S\$21.37

The levy rate for the manufacturing sector are as follows in relation to general work permit holders:

Quota	Basic skilled (monthly)	Basic skilled (daily)	Higher skilled (monthly)	Higher skilled (daily)
Basic Tier/Tier 1: Up to 25% of the total workforce	S\$370	S\$12.17	S\$250	S\$8.22
Tier 2: Above 25% to 50% of the total workforce	S\$470	S\$15.46	S\$350	S\$11.51
Tier 3: Above 50% to 60% of the total workforce	S\$650	S\$21.37	S\$550	S\$18.09

REGULATORY OVERVIEW

The levy rate for the manufacturing sector are as follows in relation to S pass holders:

Quota	Monthly	Daily
Basic/Tier 1: Up to 10% of the total workforce	S\$330	S\$10.85
Tier 2: Above 10% to 20% of the total workforce	S\$650	S\$21.37

The Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**EFMR**”) requires employers of work permit holders, amongst others, to:

- be responsible for and bear the costs of the foreign employee’s upkeep and maintenance in Singapore, including the provision of medical treatment;
- subsidise medical expenses of the foreign employee (unless agreed otherwise);
- provide safe working conditions and take such measures as are necessary to ensure the safety and health of the foreign employee at work;
- provide acceptable accommodation consistent with any law or governmental regulations; and
- provide and maintain medical insurance for in-patient care and day surgery, with coverage of at least S\$15,000 per every 12-month period of the employee’s employment for inpatient care and day surgery.

The EFMR also requires employers of S Pass holders, amongst others, to:

- be responsible for and bear the costs of the foreign employee’s medical treatment in Singapore; and
- provide and maintain medical insurance for in-patient care and day surgery, with coverage of at least S\$15,000 per every 12-month period of the employee’s employment for inpatient care and day surgery.

In addition to the EFMA, an employer of foreign workers is also required to comply with, amongst others, the provisions in the Employment Act, the Immigration Act (Chapter 133) of the Statutes of the Republic of Singapore and the regulations issued pursuant to the Immigration Act.

REGULATORY OVERVIEW

(v) Quota

Services Sector

Under the quota for the services sector, the number of work permit holders a company can hire is capped at 66.6% of company's local workforce or 40% of the company's total (local + foreign) workforce. As announced in the Singapore Budget 2019, the DRC, which sets out the maximum permitted ratio of foreign workers to the total workforce that a company is allowed to hire, will be reduced for the services sector in two steps: (i) from 40% to 38% on 1 January, 2020; and (ii) to 35% on 1 January, 2021. The services sector S Pass sub-DRC will be reduced in two steps: (i) from 15% to 13% on 1 January, 2020; and (ii) to 10% on 1 January, 2021.

The PRC work permit holders sub-quota for the services sector is calculated using the following formula: 8% multiplied by the company's (total (local + foreign) workforce + 1).

The number of S Pass holders a company can hire for the services sector is calculated using the following formula: 15% of the company's (total (local + foreign) workforce + 1). Note however that the S Pass quota will be counted within the Work Permit quota.

Manufacturing Sector

Under the quota for the manufacturing sector, the number of work permit holders a company can hire is capped at 150% of company's local workforce or 60% of the company's total (local + foreign) workforce.

The PRC work permit holders sub-quota for the manufacturing sector is calculated using the following formula: 25% multiplied by the company's (total (local + foreign) workforce + 1).

The number of S Pass holders a company can hire for the manufacturing sector is calculated using the following formula: 20% multiplied by the company's (total (local+ foreign) workforce + 1). Note however that the S Pass quota will be counted within the Work Permit quota.

Please refer to the section headed "BUSINESS — Employees — Dependency ratio ceilings" in this prospectus for further details of our applicable foreign worker quota provided by the MOM.

REGULATORY OVERVIEW

(vi) Dual employment of local employees

Some of our Group entities adopt a dual employment arrangement (the “**Dual Employment Arrangement**”) for certain local employees for the purposes of calculating the number of local employees they have in order to meet the dependency ceiling quota which is discussed in the sub-section headed “(v) Quota” above.

Under the Dual Employment Arrangement, a local employee is employed by two of our operating companies, and each of the two companies would be able to count the employee as its local employee for the purposes of availing itself to the dependency ceiling quota.

The Dual Employment arrangement is permitted under the MOM guidelines, provided that the relevant employees who are hired under such Dual Employment Arrangement:

- (a) must be a Singaporean citizen or a permanent resident;
- (b) must not be an employee for more than 2 of our operating companies or receive CPF contributions from more than 2 of our operating companies;
- (c) (for a full-time employee) must earn at least S\$1,300 per month;
- (d) (for a part-time employee) must earn at least S\$650 to below S\$1,300 per month;
- (e) must be employed under a contract of service under each relevant company in our Group; and
- (f) must receive the relevant CPF contributions from each relevant company in our Group.

For the purposes of calculating the dependency ceiling quota, two part-time employees who both earn at least S\$650 to below S\$1,300 per month count as one full time employee, and the number of local employees deemed hired by our operating companies are computed based on the number of full-time local workers employed by the relevant company over the past three months as reflected in the relevant company’s CPF contribution statements.

Work Injury Compensation Act (Chapter 354) of the Statutes of the Republic of Singapore

The WICA applies to all employees in all industries engaged under a contract of service (save for certain limited exceptions) in respect of injury suffered by them in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

The WICA provides that the employer shall be liable to pay compensation in accordance with the provisions of the WICA if personal injury by accident arising out of and in the course of the employment is caused to an employee.

REGULATORY OVERVIEW

Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and for all non-manual employees (“NMEs”) earning S\$1,600 or less a month and who are engaged under contracts of service (unless waived by the Minister by notification in the *Gazette*). With effect from 1 April, 2020 and 1 April, 2021, the salary threshold for all NMEs will be raised to S\$2,100 and S\$2,600, respectively.

During the Track Record Period and up till the Latest Practicable Date, our Group had maintained the relevant insurance policies for the material aspects of our operations.

Central Provident Fund Act (Chapter 36) of the Statutes of the Republic of Singapore

The CPF Act governs the monthly contributions made by every employer and employee into the CPF. The CPF Act is administered by the CPF Board, a statutory board operating under the MOM.

CPF is a mandatory social security savings scheme funded by contributions from employers and employees for working Singapore citizens and Singapore permanent residents primarily to fund their retirement, healthcare and housing needs. CPF contributions are due at the end of the month and employers have a grace period of 14 days to pay. From 1 January, 2016, the employer’s contribution rates for private sector employees vary between 7.5% and 17% of the employee’s wage, depending on the employee’s age.

CPF contributions are required in respect of both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which are dependent on, amongst others, the amount of monthly wages and the age of the employee. An employer must pay both the employer’s and employee’s share of the monthly CPF contributions. However, an employer can recover the employee’s share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

Save as disclosed in the section headed “BUSINESS — Non-compliance matters — (ii) Incident relating to CPF” in this prospectus, our Group had paid all the monthly CPF contributions to all eligible employees as prescribed by the CPF Board during the Track Record Period and up till the Latest Practicable Date.

General Laws and Regulations in Singapore

Fire Safety Act (Chapter 109A) of the Statutes of the Republic of Singapore (“Fire Safety Act”)

Under the Fire Safety Act which is administered by the Singapore Civil Defence Force, the person for whom any proposed fire safety works are to be commenced or carried out in any building shall apply to the Commissioner of Civil Defence (“CCD”) for approval of the plans of the fire safety works in accordance with the Fire Safety (Building Fire Safety) Regulations and such person shall appoint an appropriate qualified person to prepare those plans. Any person who fails to comply with the requirement to apply and obtain a Fire Safety Certificate (“FSC”) shall be guilty of an offence.

REGULATORY OVERVIEW

According to Section 29(1) of the Fire Safety Act, any person for whom any fire safety works had been carried out and completed shall apply to the commissioner and obtain a FSC or Temporary Fire Permit (“TFP”) in respect of the completed fire safety works.

(i) *FSC*

A FSC is only issued after full completion of all fire safety works in the project.

(ii) *TFP*

The owner of the premises may also apply and obtain a TFP for a limited period to occupy or use the premises prior to obtaining the FSC. The TFP is only issued on condition that the fire safety works of the project has been satisfactorily completed with very minor outstanding issues left to be complied with. The time frame to obtain the FSC after the issue of the TFP will depend on the size, type and complexity of the project. Normally, a maximum of six months will be granted.

An application for a FSC or TFP should only be submitted after the plans for the fire safety works of the project have been approved and the works have been fully completed in accordance with SCDF’s requirements. Thereafter, the owner of the premises shall arrange for a Registered Inspector (“RI”) to inspect the fire safety works and certify that the project has been carried out in accordance with the approved plans, the relevant codes of practices, the Fire Safety Act and any regulations made thereunder. Depending on the type of project, two disciplines of RIs, a RI (Architecture) and a RI (M&E) may be needed. The Inspection Certificate(s) issued by the RI(s) shall be submitted together with all supporting documents to SCDF to apply for a FSC or TFP.

Under Section 2 of the Fire Safety Act, “fire safety works” means any fire protection works, fire safety measures, relevant pipeline works or minor works. “Minor works” means (a) the addition, alteration or repair of a building that involves the use of combustible materials or that affects the means of escape or the effectiveness of fire safety measures; or (b) the provision, extension or alteration of any air-conditioning service or ventilating system in or in connection with a building.

Therefore occupiers and their (a) architects (registered as architects under the Architects Act (Chapter 12) of the Statutes of the Republic of Singapore and have in force practising certificates issued thereunder); or (b) professional engineers (registered as professional engineers under the Professional Engineers Act (Chapter 253) of the Statutes of the Republic of Singapore and have in force practising certificates issued thereunder), whom they have engaged for their fire safety works are required to apply and obtain the FSC before using or occupying the premises. The FSC is only issued after full completion of all fire safety works of the project.

Laws and Regulations Relating to Companies in Singapore

All of our subsidiaries are wholly-owned by our Group and are all private companies limited by shares, incorporated and governed under the provisions of the Companies Act and its regulations.

REGULATORY OVERVIEW

The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (which includes issue of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction), declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution. Members of a company are also subject to, and are bound by the provisions in its constitution (or memorandum and articles of association for companies that are incorporated before 3 January, 2016).

Singapore Taxation

The following summary of the laws and regulations relating to taxation in Singapore is based on laws, regulations and interpretations now in effect and available as at the Latest Practicable Date. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below. This summary is not intended to constitute a complete or exhaustive description of all of the Singapore tax considerations and do not purport to deal with the tax consequences applicable to all categories of investors. It is not intended to be and does not constitute legal or tax advice.

Corporate Tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme for Year of Assessment 2019 and before applies on the first S\$300,000 of normal chargeable income, and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. Starting from Year of Assessment 2020, the partial tax exemption scheme applies on the first S\$200,000 of a company's normal chargeable income, and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. For the Years of Assessment 2018, 2019 and 2020, companies will be granted a corporate income tax rebate of 40%, 20% and 25% respectively of the tax payable for the year, subject to a cap of S\$15,000, S\$10,000 and S\$15,000 respectively per year of assessment.

Singapore has a tax exemption scheme for new start-up companies that was introduced in Year of Assessment 2005 to support entrepreneurship and help our local enterprises grow. For the Year of Assessment 2019 and before, there will be a full exemption on the first S\$100,000 of normal chargeable income, and a further 50% exemption on the next S\$200,000 of normal chargeable income. From Year of Assessment 2020 onwards, there will be a 75% exemption on the first S\$100,000 of normal chargeable income, and a further 50% exemption on the next S\$100,000 of normal chargeable income.

REGULATORY OVERVIEW

Dividend distributions

Singapore adopts the one-tier corporate tax system under which the tax collected from corporate profits is a final tax and the after-tax profits of a company resident in Singapore can be distributed to its shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, irrespective of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

GST

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%.

Proofer Boulangerie and Proofer (Tanjong Pagar) had failed to notify the Inland Revenue Authority of Singapore (the “**IRAS**”) of their GST registration liabilities when the value of their respective taxable supplies from the retail sale of bakery and confectionary products had exceeded S\$1 million for the 12-month period at the end of the calendar quarter ended 31 March, 2017 (the “**GST Incident**”). As part of the rectification measures, our Group engaged the Singapore GST Adviser in May, 2019 to review if the entities within our Group are in compliance with the Singapore GST rules and regulations. The Singapore GST Adviser has since assisted to carry out rectification measures, including seeking a waiver of penalty and, or fines arising from the late notification of the GST Incident and to pay the GST due on the past GST returns. Please refer to the section headed “**BUSINESS — Non-compliance matters — (i) Incident relating to GST**” in this prospectus for further details of the GST Incident.

OVERVIEW

We are a multi-brand food and beverage group in Singapore. The history of our Group can be traced back to 2013 when Mr. Aris Goh and Ms. Anita Chia, the spouse of Mr. Aris Goh, established our first bakery outlet under “*Proofer*” brand in Changi City Point, Singapore, with their personal savings. Since then, we continued to expand our artisanal bakery chain under “*Proofer*” brand. Our central kitchen was established in 2017 to prepare the dough for our breads and bakery products (including cakes and loaves) for delivery to our bakery outlets and restaurants. Our Group has diversified our business portfolio to include fast casual dining operations through the establishment of our first Japanese fast casual dining restaurant under our “*Yuba Hut*” brand in 2017. In 2018, we opened our first Western fast casual dining restaurant under our “*Proofer*” brand and our first Western fast casual dining restaurant with a healthy fast casual dining concept under our “*Laura*” brand. In the same year, we also further expanded our bakery chain by establishing our first bakery outlet under our “*300 BC*” brand. During the six-year period since inception and up to the Latest Practicable Date, we have expanded our network of bakery outlets and restaurants to a total of 26 food establishments operated under four self-owned brands, “*Proofer*”, “*300 BC*”, “*Yuba Hut*” and “*Laura*”, comprising:

- i. 16 artisanal bakery outlets under “*Proofer*” brand;
- ii. three bakery outlets under “*300 BC*” brand;
- iii. five Japanese fast casual dining restaurants under “*Yuba Hut*” brand in which one of them utilises a miniature “bullet train” rail system concept for food delivery;
- iv. one Western fast casual dining restaurant under “*Proofer*” brand; and
- v. one Western fast casual dining restaurant with a healthy fast casual dining concept under “*Laura*” brand.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our food establishments are operated by various operating subsidiaries. The table below sets forth the operating subsidiaries and number of outlets of our food establishments under our respective brands as at the Latest Practicable Date:

Brands	Operating subsidiary	Number of outlets
“Proofer”	<ul style="list-style-type: none"> ● Proofer (Tanjong Pagar) ● Proofer Boulangerie ● Proofer Bakery ● Proofer Pizzeria ● Anita Bakery ● Aris Gourmet 	17
“300 BC”	<ul style="list-style-type: none"> ● 300 BC Bakery 	3
“Yuba Hut”	<ul style="list-style-type: none"> ● Yuba Hut (POIZ) ● Yuba Hut ● Yuba Hut (Hillion) ● Yuba Hut (Northpoint) 	5
“Laura”	<ul style="list-style-type: none"> ● Laura Baguette 	<hr style="width: 100%; border: 0.5px solid black;"/> 1
Total:		<hr style="width: 100%; border: 0.5px solid black;"/> <hr style="width: 100%; border: 0.5px solid black;"/> 26

In addition, we plan to open new stores comprising:

- (i) a Western fast casual dining restaurant under our “Laura” brand in the second quarter of 2020 and which will be operated by our operating subsidiary, Laura Cafe;
- (ii) a store comprising an artisanal bakery products under “Proofer” brand and Japanese fast casual dining restaurant under “Yuba Hut” brand in the third quarter of 2020, and which will be operated by our operating subsidiary, Yuba Hut (Hillion); and
- (iii) a Western fast casual dining restaurant under “Proofer” brand in the second quarter of 2020 and which will be operated by our operating subsidiary, Proofer Bakery.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

KEY MILESTONES OF OUR GROUP

The following table outlines the key milestones and achievements in the history of our Group:

Year	Event
2013	Our first artisanal bakery outlet under our “ <i>Proofer</i> ” brand was opened
2017	Our central kitchen was established to prepare the dough for our breads and bakery products (including cakes and loaves) for delivery to our bakery outlets and restaurants Our first Japanese fast casual dining restaurant under our “ <i>Yuba Hut</i> ” brand was opened
2018	Our first Western fast casual dining restaurant with a healthy fast casual dining concept under our “ <i>Laura</i> ” brand was opened Our first bakery outlet under our “ <i>300 BC</i> ” brand was opened Our first Western fast casual dining restaurant under our “ <i>Proofer</i> ” brand was opened Our first restaurant under our “ <i>Yuba Hut</i> ” brand with miniature “bullet train” delivery system was opened
2019	We received the Singapore Prestige Brand Award (Winner)

CORPORATE HISTORY

Set out below are brief corporate histories of the establishment and major changes in the shareholdings of our subsidiaries:

Proofer Boulangerie

Proofer Boulangerie, incorporated on 17 January, 2014 in Singapore, is mainly engaged in operating our “*Proofer*” artisanal bakery outlets at Seletar Mall and Northpoint City. Since its incorporation and up to the Reorganisation, Proofer Boulangerie had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Proofer Bakery

Proofer Bakery, incorporated on 2 July, 2014 in Singapore, is mainly engaged in operating our (i) central kitchen; (ii) “*Proofer*” restaurant at United Square; and (iii) “*Proofer*” artisanal bakery outlets at various locations, including Changi City Point, Tanjong Pagar Centre, Compass One, Heartland Mall, Hillion Mall, Tampines Mall, AMK Hub and White Sands. It also handles our office rental and holds certain “*Proofer*” trademarks in Singapore. Proofer Bakery will also be engaged in operating an additional Western fast casual dining

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

restaurant under “*Proofer*” brand which is planned to be opened in the second quarter of 2020. Since its incorporation and up to the Reorganisation, Proofer Bakery had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Proofer Pizzeria

Proofer Pizzeria, incorporated on 28 September, 2017 in Singapore, is mainly engaged in operating our “*Proofer*” artisanal bakery outlet at POIZ Centre. Since its incorporation and up to the Reorganisation, Proofer Pizzeria had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Proofer (Tanjong Pagar)

Proofer (Tanjong Pagar), incorporated on 22 April, 2015 in Singapore, is mainly engaged in handling administrative matters of our Group. Since its incorporation and up to the Reorganisation, Proofer (Tanjong Pagar) had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Yuba Hut (POIZ)

Yuba Hut (POIZ), incorporated on 3 January, 2018 in Singapore, is mainly engaged in operating our “*Yuba Hut*” Japanese fast casual dining restaurants at White Sands and POIZ Centre. Since its incorporation and up to the Reorganisation, Yuba Hut (POIZ) had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Yuba Hut

Yuba Hut, incorporated on 24 February, 2017 in Singapore, is mainly engaged in operating our “*Yuba Hut*” Japanese fast casual dining restaurant at Northpoint City. It also holds our “*Yuba Hut*” trademark in Singapore. Since its incorporation and up to the Reorganisation, Yuba Hut had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Yuba Hut (Hillion)

Yuba Hut (Hillion), incorporated on 24 November, 2016 in Singapore, is mainly engaged in operating our “*Yuba Hut*” Japanese fast casual dining restaurant at Junction 8 and formerly operated our “*Yuba Hut*” Japanese fast casual dining restaurant at Hillion Mall which ceased operations in February, 2020. Yuba Hut (Hillion) will also be engaged in operating a store consisted of artisanal bakery products under “*Proofer*” brand and Japanese fast casual food under “*Yuba Hut*” brand which is planned to be opened in the third quarter of 2020. Since its incorporation and up to the Reorganisation, Yuba Hut (Hillion) had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Yuba Hut (Northpoint)

Yuba Hut (Northpoint), incorporated on 30 December, 2016 in Singapore, is mainly engaged in operating our “*Yuba Hut*” Japanese fast casual dining restaurant at Heartland Mall. Since its incorporation and up to the Reorganisation, Yuba Hut (Northpoint) had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Laura Baguette

Laura Baguette, incorporated on 31 May, 2017 in Singapore, is mainly engaged in operating our “*Laura*” Western fast casual dining restaurant at Century Square. It also holds our “*Laura*” trademarks in Singapore. Since its incorporation and up to the Reorganisation, Laura Baguette had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

300 BC Bakery

300 BC Bakery, incorporated on 6 February, 2018 in Singapore, is mainly engaged in operating our “*300 BC*” bakery outlets at Century Square, Simei MRT and Pioneer MRT. It also holds our “*300 BC*” trademark in Singapore. Since its incorporation and up to the Reorganisation, 300 BC Bakery had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

Aris Gourmet

Aris Gourmet, incorporated in Singapore on 7 February, 2014, is mainly engaged in operating our “*Proofer*” artisanal bakery outlets at Oasis Terraces and Waterway Point and formerly operated our “*Proofer*” artisanal bakery outlet at Wisma Atria which ceased operations in April, 2019. Upon incorporation, Mr. Aris Goh was the sole registered owner of the entire issued share capital of Aris Gourmet. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh upon incorporation of Aris Gourmet, Mr. Aris Goh was entrusted by Ms. Anita Chia to hold as registered owner 50% of the entire equity interests in Aris Gourmet, for and on behalf of Ms. Anita Chia. Hence, the beneficial interests of Aris Gourmet had been held by Mr. Aris Goh and Ms. Anita Chia in equal shares since its incorporation and up to the Reorganisation.

Anita Bakery

Anita Bakery, incorporated in Singapore on 10 March, 2014, is mainly engaged in operating our “*Proofer*” artisanal bakery outlets at Sun Plaza and Chinatown Point. Upon incorporation, Ms. Anita Chia was the sole registered owner of the entire issued share capital of Anita Bakery. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh upon incorporation of Anita Bakery, Ms. Anita Chia was entrusted by Mr. Aris Goh to hold as registered owner 50% of the entire equity interests in Anita Bakery, for and on behalf of Mr. Aris Goh. Hence, the beneficial interests of Anita Bakery had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its incorporation and up to the Reorganisation.

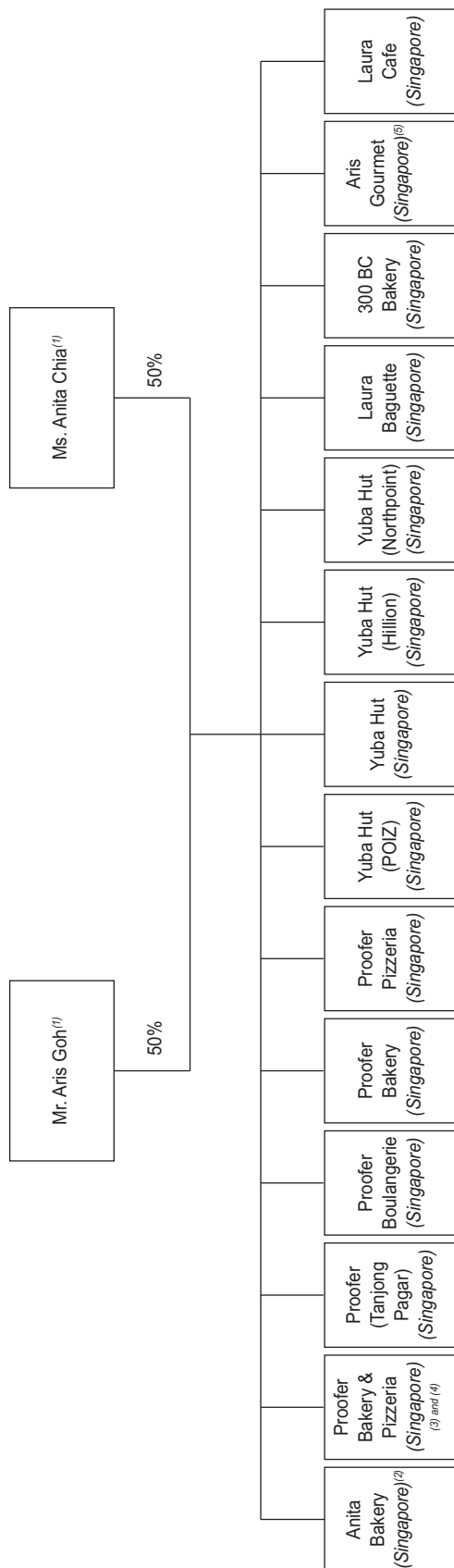
Laura Cafe

Laura Cafe, incorporated in Singapore on 9 April, 2019, will be mainly engaged in operating a Western fast casual dining restaurant under the “*Laura*” brand planned to be opened in the second quarter of 2020. Since its incorporation and up to the Reorganisation, Laura Cafe had been owned as to 50% by Mr. Aris Goh and 50% by Ms. Anita Chia.

See section headed “BUSINESS — Our operations — Operational performance of our bakery outlets and restaurants” in this prospectus for details of the commencement dates of operations of our bakery outlets and restaurants.

CORPORATE STRUCTURE PRIOR TO REORGANISATION

The following diagram sets out the corporate structure of our Group immediately before implementation of the Reorganisation:



Notes:

1. Mr. Aris Goh is the spouse of Ms. Anita Chia.
2. Ms. Anita Chia had been the sole registered owner of Anita Bakery since its incorporation and up to the Reorganisation. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh upon incorporation of Anita Bakery, Ms. Anita Chia was entrusted by Mr. Aris Goh to hold, as registered owner, 50% of the entire equity interests in Anita Bakery for and on behalf of Mr. Aris Goh. Hence, the beneficial interests of Anita Bakery had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its incorporation and up to the Reorganisation.
3. Ms. Anita Chia had been the sole proprietor of Proofer Bakery & Pizzeria since its establishment and up to the Reorganisation. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh upon establishment of Proofer Bakery & Pizzeria, Ms. Anita Chia was entrusted by Mr. Aris Goh to hold, as registered owner, 50% of the entire effective interests in Proofer Bakery & Pizzeria for and on behalf of Mr. Aris Goh. Hence, the beneficial interests of Proofer Bakery & Pizzeria had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its establishment and up to the Reorganisation.
4. The business registration of Proofer Bakery & Pizzeria in Singapore was cancelled on 13 August, 2019.
5. Mr. Aris Goh had been the sole registered owner of Aris Gourmet since its incorporation and up to the Reorganisation. Pursuant to a family arrangement entered into between Mr. Aris Goh and Ms. Anita Chia upon incorporation of Aris Gourmet, Mr. Aris Goh was entrusted by Ms. Anita Chia to hold, as registered owner, 50% of the entire equity interests in Aris Gourmet for and on behalf of Ms. Anita Chia. Hence, the beneficial interests of Aris Gourmet had been held by Mr. Aris Goh and Ms. Anita Chia in equal shares since its incorporation and up to the Reorganisation.

REORGANISATION

For the purpose of the Listing, we underwent the Reorganisation as a result of which our Company became the ultimate holding company of our Group. The Reorganisation involved the following steps:

Stage 1 — Incorporation of AA Food Holdings, AA United Holdings, Proofer Boulangerie Holdings, Yuba Hut Holdings, Laura Food Holdings and our Company

On 21 January, 2019, AA Food Holdings was incorporated in the BVI and allotted and issued one fully paid ordinary share to each of Mr. Aris Goh and Ms. Anita Chia.

Upon incorporation in the BVI on 21 January, 2019, AA United Holdings allotted and issued one fully paid ordinary share to AA Food Holdings. Following completion of the Reorganisation, AA United Holdings became a direct wholly-owned subsidiary of our Company.

Upon incorporation in the BVI on 21 January, 2019, Proofer Boulangerie Holdings, Yuba Hut Holdings and Laura Food Holdings (together referred to as the “**BVI Subsidiaries**”) each allotted and issued one fully paid ordinary share to AA United Holdings and became an indirect wholly-owned subsidiary of our Company. Proofer Boulangerie Holdings is an intermediate holding company for our subsidiaries operating certain “*Proofer*” brand outlets and holds our “*Proofer*” trademark in Hong Kong. Yuba Hut Holdings is an intermediate holding company for our subsidiaries operating certain “*Yuba Hut*” brand outlets and holds our “*Yuba Hut*” trademarks in Hong Kong. Laura Food Holdings is an intermediate holding company for our subsidiaries operating our “*300 BC*” brand outlets, “*Laura*” brand outlets and certain “*Proofer*” brand outlets and holds our “*300 BC*” and “*Laura*” trademarks in Hong Kong.

On 16 May, 2019, our Company was incorporated in the Cayman Islands with authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. Upon incorporation, one Share was allotted and issued to the initial subscriber of the Company and was later transferred to AA Food Holdings on the same date. Following completion of the Reorganisation, our Company became the holding company of our Group.

Stage 2 — Transfer of business, assets and liabilities from Proofer Bakery & Pizzeria to Proofer Bakery

Proofer Bakery & Pizzeria was established as a sole proprietorship in Singapore on 13 August, 2013. Upon its establishment and pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh, Ms. Anita Chia was entrusted by Mr. Aris Goh to hold, as registered owner, 50% of the entire effective interests in Proofer Bakery & Pizzeria for and on behalf of Mr. Aris Goh. Hence, the beneficial interests of Proofer Bakery & Pizzeria had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its establishment.

On 9 July, 2019, Ms. Anita Chia trading as Proofer Bakery & Pizzeria, Proofer Bakery and Ms. Anita Chia entered into the Deed of Transfer pursuant to which Proofer Bakery & Pizzeria (as transferor) transferred its manufacturing and retail of confectionary and bakery products business and all of its assets and liabilities to Proofer Bakery (as transferee) with effect from 9 July, 2019 at a nominal consideration of S\$1.00.

The aforesaid transfer of business was completed and settled on 9 July, 2019. The business registration of Proofer Bakery & Pizzeria in Singapore was cancelled on 13 August, 2019.

Stage 3 — Subscription of new Shares of AA United Holdings by the Pre-IPO Investor and AA Food Holdings

On 28 March, 2019, the Pre-IPO Investor entered into a subscription agreement (as supplemented on 22 July, 2019) (the “**Subscription Agreement**”) with AA United Holdings and AA Food Holdings pursuant to which the Pre-IPO Investor shall subscribe for 75 ordinary shares of AA United Holdings at the consideration of HK\$7,500,000 or the equivalent amount in Singapore dollars (the “**Subscription**”), which was arrived at after arm’s length negotiations with reference to the net profit of our Group in the 12-month period immediately preceding 28 March, 2019 which amounted to approximately S\$2.5 million.

On 22 July, 2019, the Pre-IPO Investor entered into a supplemental subscription agreement with AA United Holdings and AA Food Holdings pursuant to which the parties agreed that (i) the number of shares in the Subscription will be increased to 150 ordinary shares; and (ii) the consideration for the Subscription will be increased to HK\$15,000,000 or the equivalent amount in Singapore dollars.

On 5 September, 2019, pursuant to the Subscription Agreement, 150 ordinary shares were allotted and issued by AA United Holdings to the Pre-IPO Investor. On the same day, 849 ordinary shares were allotted and issued by AA United Holdings to AA Food Holdings. After the aforesaid issue of shares, the issued share capital of AA United Holdings was owned as to 85% by AA Food Holdings and 15% by the Pre-IPO Investor.

Stage 4 — Acquisition of Proofer (Tanjong Pagar), Proofer Boulangerie, Proofer Bakery and Proofer Pizzeria by Proofer Boulangerie Holdings

On 24 October, 2019, Proofer Boulangerie Holdings acquired the entire issued share capital of Proofer (Tanjong Pagar), Proofer Boulangerie, Proofer Bakery and Proofer Pizzeria from Mr. Aris Goh and Ms. Anita Chia. In consideration thereof, Proofer Boulangerie Holdings allotted and issued 9,999 ordinary shares to AA United Holdings at par as directed by Mr. Aris Goh and Ms. Anita Chia. Immediately after the aforesaid shares transfers, each of Proofer (Tanjong Pagar), Proofer Boulangerie, Proofer Bakery and Proofer Pizzeria became wholly-owned by Proofer Boulangerie Holdings.

Stage 5 — Acquisition of Yuba Hut (POIZ), Yuba Hut, Yuba Hut (Hillion) and Yuba Hut (Northpoint) by Yuba Hut Holdings

On 24 October, 2019, Yuba Hut Holdings acquired the entire issued share capital of Yuba Hut (POIZ), Yuba Hut, Yuba Hut (Hillion) and Yuba Hut (Northpoint) from Mr. Aris Goh and Ms. Anita Chia. In consideration thereof, Yuba Hut Holdings allotted and issued 9,999 ordinary shares to AA United Holdings at par as directed by Mr. Aris Goh and Ms. Anita Chia. Immediately after the aforesaid shares transfers, each of Yuba Hut (POIZ), Yuba Hut, Yuba Hut (Hillion) and Yuba Hut (Northpoint) became wholly-owned by Yuba Hut Holdings.

Stage 6 — Acquisition of Laura Baguette, 300 BC Bakery, Laura Cafe, Aris Gourmet and Anita Bakery by Laura Food Holdings

On 24 October, 2019, Laura Food Holdings acquired the entire issued share capital of Laura Baguette, 300 BC Bakery and Laura Cafe from Mr. Aris Goh and Ms. Anita Chia. In consideration thereof, Laura Food Holdings allotted and issued 2,172 ordinary shares to AA United Holdings at par as directed by Mr. Aris Goh and Ms. Anita Chia. Immediately after the aforesaid shares transfers, each of Laura Baguette, 300 BC Bakery and Laura Cafe became wholly-owned by Laura Food Holdings.

On 24 October, 2019, Mr. Aris Goh transferred to Laura Food Holdings (i) 50% of the entire issued share capital in Aris Gourmet beneficially owned by himself; and (ii) as instructed by Ms. Anita Chia, 50% of the entire issued share capital in Aris Gourmet held for Ms. Anita Chia. In consideration thereof, Laura Food Holdings allotted and issued 3,066 ordinary shares to AA United Holdings at par as directed by Mr. Aris Goh. Immediately after the aforesaid shares transfer, Aris Gourmet became wholly-owned by Laura Food Holdings.

On 24 October, 2019, Ms. Anita Chia transferred to Laura Food Holdings (i) 50% of the entire issued share capital in Anita Bakery beneficially owned by herself; and (ii) as instructed by Mr. Aris Goh, 50% of the entire issued share capital in Anita Bakery held for Mr. Aris Goh. In consideration thereof, Laura Food Holdings allotted and issued 4,761 ordinary shares to AA United Holdings at par as directed by Ms. Anita Chia. Immediately after the aforesaid shares transfer, Anita Bakery became wholly-owned by Laura Food Holdings.

Stage 7 — Acquisition of AA United Holdings by our Company

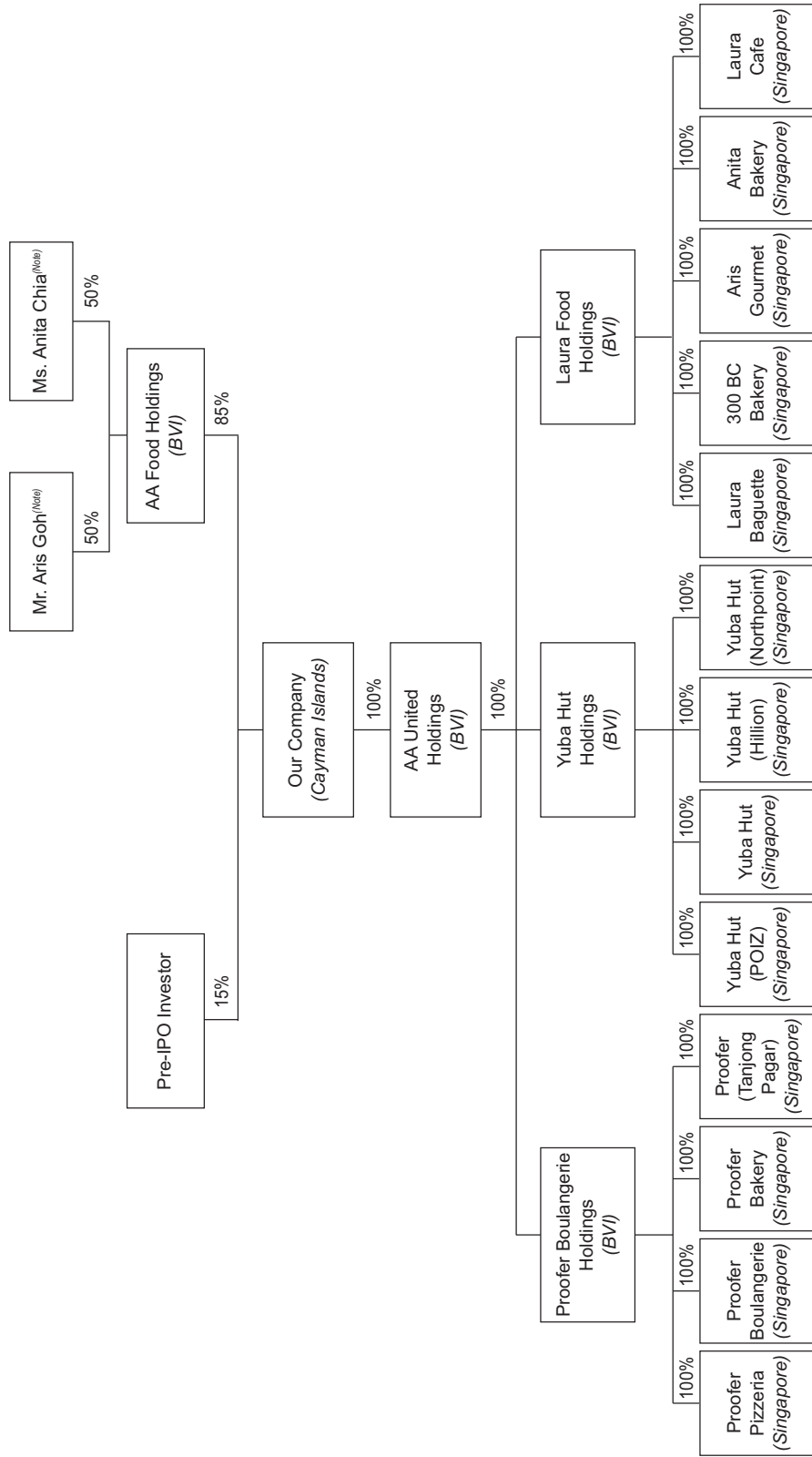
On 24 April, 2020, the Pre-IPO Investor and AA Food Holdings (as vendors) and our Company (as purchaser) entered into a sale and purchase agreement pursuant to which our Company acquired the entire issued share capital of AA United Holdings from the Pre-IPO Investor and AA Food Holdings, respectively. In consideration thereof, 150 and 849 Shares were allotted and issued to the Pre-IPO Investor and AA Food Holdings, respectively. Immediately after the aforesaid shares transfer, AA United Holdings became a direct wholly-owned subsidiary of our Company.

THE CAPITALISATION ISSUE AND THE SHARE OFFER

We will offer the Offer Shares for subscription at the Offer Price. Conditional upon crediting our Company's share premium account as a result of the allotment and issue of the Offer Shares pursuant to the Share Offer, our Directors are authorised to capitalise an amount of HK\$1,799,990 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par of 152,999,150 and 26,999,850 Shares for allotment and issue to AA Food Holdings and the Pre-IPO Investor, respectively.

OUR GROUP STRUCTURE

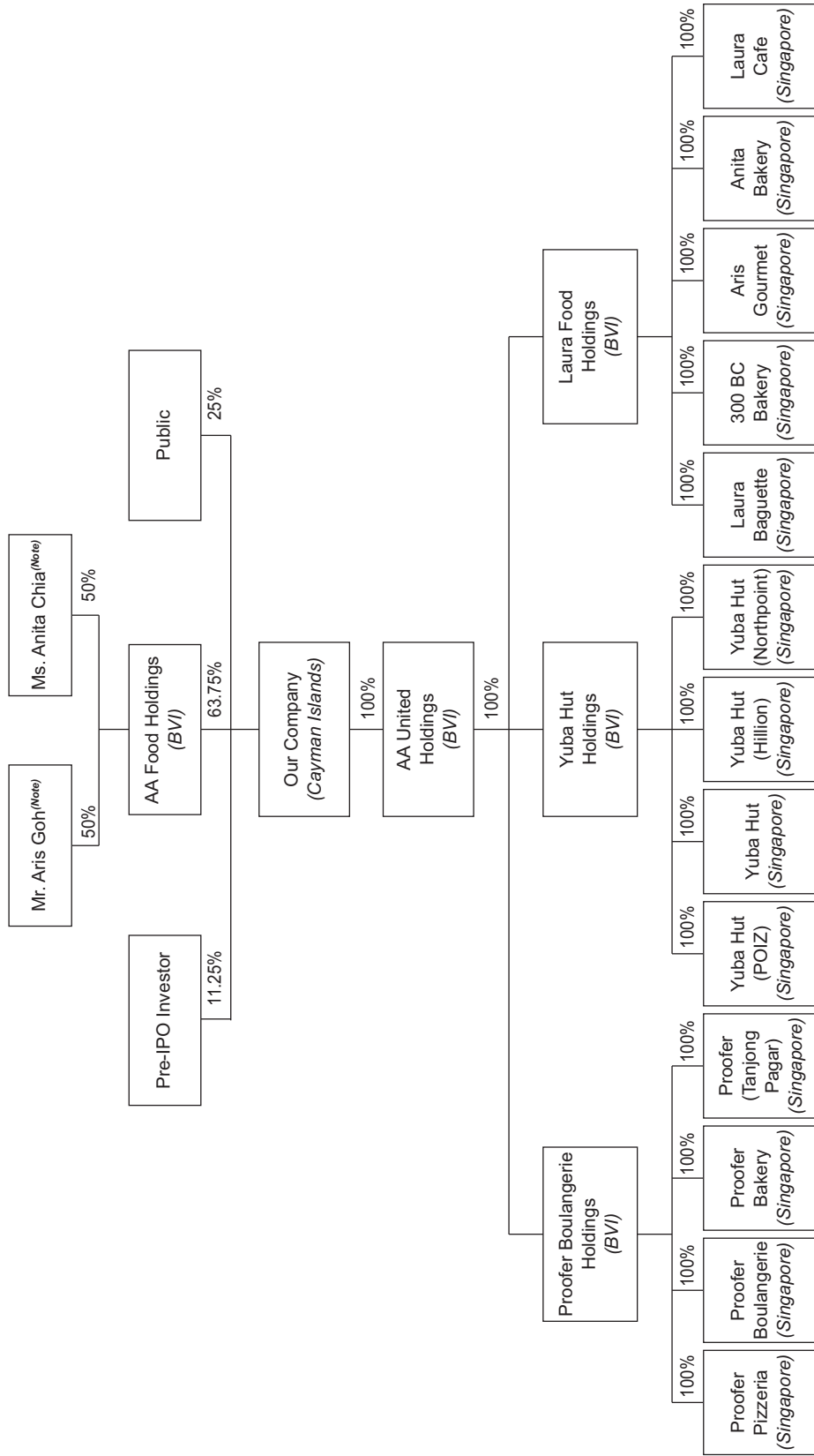
The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme):



Note: Mr. Aris Goh is the spouse of Ms. Anita Chia.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The following chart sets forth the shareholding and corporate structure of our Group immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme):



Note: Mr. Aris Goh is the spouse of Ms. Anita Chia.

PRE-IPO INVESTMENT

On 28 March, 2019, the Pre-IPO Investor entered into a subscription agreement (as supplemented on 22 July, 2019) (the “**Subscription Agreement**”) with AA United Holdings and AA Food Holdings pursuant to which Pre-IPO Investor shall subscribe for 75 ordinary shares of AA United Holdings at the consideration of HK\$7,500,000 or the equivalent amount in Singapore dollars (the “**Subscription**”).

On 22 July, 2019, the Pre-IPO Investor entered into a supplemental subscription agreement with AA United Holdings and AA Food Holdings pursuant to which the parties thereto agreed that (i) the number of shares in the Subscription will be increased to 150 ordinary shares; and (ii) the consideration for the Subscription will be increased to HK\$15,000,000 or the equivalent amount in Singapore dollars.

On 5 September, 2019, pursuant to the Subscription Agreement, 150 ordinary shares were issued by AA United Holdings to the Pre-IPO Investor. On the same day, 849 ordinary shares were issued by AA United Holdings credited as fully paid to AA Food Holdings. After the aforesaid issue of shares, the issued share capital of AA United Holdings was owned as to 85% by AA Food Holdings and 15% by the Pre-IPO Investor.

Save as disclosed in this sub-section headed “Pre-IPO Investment”, the Pre-IPO Investor has no other understanding, arrangement or agreement (whether verbal or written) with our Company, our Controlling Shareholders or any of their respective associates with respect to (i) the Pre-IPO Investment; or (ii) the ownership or management of our Group.

Principal terms of the Pre-IPO Investment

The following table summarises the key terms of the Pre-IPO Investment:

Name of the Pre-IPO Investor	Dunman Capital Global Limited
Number of shares subscribed	150 ordinary shares of AA United Holdings
Amount of consideration	HK\$15,000,000 or the equivalent amount in Singapore dollars
Basis of determining the consideration	The consideration was determined based on arm’s length negotiations with reference to the net profit of our Group in the most recent 12-month period prior to 28 March, 2019 which amounted to approximately S\$2.5 million

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Settlement dates of the consideration	(i) an amount of Singapore dollars equivalent to HK\$500,000 paid on 29 November, 2018 ⁽¹⁾ ; (ii) HK\$3,750,000 paid on 29 March, 2019; (iii) HK\$3,750,000 paid on 24 May, 2019; and (iv) HK\$7,000,000 paid on 5 September, 2019
Approximate cost per Share paid under the Pre-IPO Investment ⁽²⁾	HK\$0.56 per Share
Approximate discount to mid-point of the Offer Price range	44%
Use of proceeds from the Pre-IPO Investment	It is expected that the proceeds from the Pre-IPO Investment will be fully utilised on or before the Listing principally for payment of Listing expenses and financing our daily operations
Percentage of shareholding in AA United Holdings upon the completion of the Pre-IPO Investment	15%
Percentage of shareholding in our Company immediately following the completion of the Capitalisation Issue and the Share Offer ⁽²⁾	11.25%
Lock-up period ⁽³⁾	Nil
Special rights or benefits	Nil

Strategic benefits to our Company

The Pre-IPO Investment enhanced our Group's cash flow position in preparation of the Listing. Mr. Yang's investment and commitment in our Group demonstrated his confidence in the (i) artisanal bakery chain retailing industry; and (ii) Japanese and Western fast casual dining industry in Singapore and our business prospects. Leveraging the experience of Mr. Yang in holding directorship in various companies listed on the Stock Exchange, our Directors believe that we could benefit from his business network, as well as his knowledge and experience in the management, operations and handling of investors relations in listed companies in Hong Kong. In particular, Mr. Yang has been a non-executive director of two companies listed on the Main Board of the Stock Exchange, namely, Jia Yao Holdings Limited (stock code: 1626, formerly known as Tourism International Holdings Limited) from March, 2014 to March, 2017 and later from February, 2019 onwards, and Tian Yuan Group Holdings Limited (stock code: 6119) since September, 2015. As Mr. Yang had participated in the preparation for listing of these two listed companies, he is experienced and familiar with the general listing and ongoing compliance requirements of the Stock Exchange. Further, our Directors believe that Mr. Yang's experience and connections in the public and private equity investment and finance industry could be useful for our Group to conduct financing after Listing depending on our future funding needs.

Notes:

1. This sum was paid to us as earnest money for granting the Pre-IPO Investor access to our internal records for due diligence purpose during the negotiations for the Pre-IPO Investment. Subsequently, such earnest money was applied as part payment of the consideration payable by the Pre-IPO Investor under the Subscription Agreement.
2. For illustration purposes only, on the basis of our enlarged issued share capital immediately upon completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme).
3. The terms of the Subscription Agreement did not impose any lock-up obligations over our Shares held by the Pre-IPO Investor.

The cost per Share paid by the Pre-IPO Investor compared with the Offer Price range

Our executive Directors consider that the discount of cost per share paid by the Pre-IPO Investor to the Offer Price was justified for the following reasons:

(I) Net profit of our Group at the time of investment

AA United Holdings, a wholly-owned subsidiary of our Company, and the Pre-IPO Investor had made reference to the net profit of our Group in the most recent 12-month period prior to 28 March, 2019 which amounted to approximately S\$2.5 million, and adopted a price to earnings ratio of approximately 7.1 times in determining the consideration of the Pre-IPO Investment at the time when the Subscription Agreement was entered into on 28 March, 2019.

Accordingly the consideration of the Pre-IPO Investment and the Offer Price have been determined based on different basis.

(II) Form of the Pre-IPO Investment

The Pre-IPO Investment was made through subscription of new shares in AA United Holdings, and less flexible when compared to investments made in the form of convertible bonds as divestment of the former could only be made through share repurchase or sale to investors in a private manner.

In contrast, investments made in the form of convertible bonds confer benefits of both debt and equity. Generally, pre-IPO investment in the form of convertible bonds is only converted to shares upon listing. This protects the pre-IPO investor from liquidation risks as a convertible bond holder has priority over shareholders when the target company goes into liquidation. A convertible bond is also subject to a maturity date in which the debt security has to be redeemed if a listing does not occur.

(III) Uncertainty surrounding the Listing

At the time when the Subscription Agreement was entered into on 28 March, 2019, our Company (or AA United Holdings prior to the Reorganisation) was a private company. Further, under the Subscription Agreement, Mr. Yang was not entitled to any board representation in any of our Group companies and assumed the risk that the Listing may not occur eventually. Such risk does not however apply to investors of the Company via the Share Offer.

Background of the Pre-IPO Investor

Based on the information provided by the Pre-IPO Investor, set out below is a brief description of the Pre-IPO Investor:

The Pre-IPO Investor is an investment holding company and is directly wholly-owned by Mr. Yang, a sole director of the Pre-IPO Investor. Mr. Yang is a resident in Hong Kong and Singapore and is engaged in the investment and finance industry. Mr. Yang obtained a degree in bachelor of arts in economics from the University of Cambridge in June 2012. In November 2013, he obtained a degree in master of science in financial economics from the University of Oxford. He is a non-executive director of Jia Yao Holdings Limited (formerly known as Tourism International Holdings Limited) (stock code: 1626) and Tian Yuan Group Holdings Limited (stock code: 6119), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Yang is primarily responsible for overseeing the general corporate, financial and compliance affairs of Jia Yao Holding Limited and Tian Yuan Group Holdings Limited. Mr. Yang is also the sole shareholder and director of Dunman Capital Management Pte. Ltd., which was incorporated in Singapore on 28 February, 2018 and is principally engaged in providing management consultancy services.

By mid-2018, our executive Directors became acquainted with Mr. Yang through introduction by an employee of Dunman Capital Management Pte. Ltd., at a social gathering in Singapore. During this occasion, Mr. Yang expressed his preliminary interests in the food and beverage industry in Singapore and recognised our “Proofer” brand, while our executive Directors learned that Mr. Yang was a director of two companies listed on the Stock Exchange. Our executive Directors and Mr. Yang subsequently met in several occasions through which our executive Directors introduced the trend and opportunities in the artisanal bakery retail chain and Japanese and Western fast casual dining industries in Singapore, our business activities and prospects. Our executive Directors had also invited Mr. Yang to visit some of our bakery outlets and restaurants and showed him some of our signature breads and cakes.

As we were exploring listing of our Group on the Stock Exchange for funding our expansion, our executive Directors revealed our future plan as well as the intention of listing of our Group to Mr. Yang. By late 2018, Mr. Yang expressed his interest to invest in our Group. Subsequently, our executive Directors and Mr. Yang engaged in several rounds of negotiations prior to signing of the Subscription Agreement in March, 2019.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Mr. Yang has confirmed that his decision to invest in our Group was arrived at after taking into consideration (i) our success in expanding from the artisanal bakery market into the operations of Western and Japanese fast casual dining restaurants in Singapore; (ii) our rapid business growth into a food and beverage group consisting of over 20 bakery outlets and restaurants since inception in 2013; (iii) the anticipated growth and prospects of the retail bakery and restaurant industries in Singapore; and (iv) room for future growth and additional business opportunities brought by our business expansion plans.

To the best of our Directors' knowledge, information and belief and having made all reasonable enquiries, the Pre-IPO Investor and Mr. Yang, its beneficial owner are Independent Third Parties. The Pre-IPO Investor and its beneficial owner confirmed that they subscribed the shares of AA United Holdings through their own sources of fund and not directly or indirectly funded by any connected person of our Company.

As the Shares held by the Pre-IPO Investor immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) will account for 11.25% of the issued share capital of our Company, Mr. Yang, through his shareholding in the Pre-IPO Investor, and the Pre-IPO Investor will become our Substantial Shareholders. Mr. Yang is not regarded as a member of the public upon and after the Listing and Mr. Yang's shareholding (through the Pre-IPO Investor) in our Company will not be counted towards the public float for the purpose of Rule 11.23 of the GEM Listing Rules.

Save for the Pre-IPO Investment, to the best of our Directors' knowledge, information and belief and having made all reasonable enquiries, the Pre-IPO Investor did not have any past or present relationships (including family, trust, business or employment relationship) or any agreement or arrangement with our Company, our subsidiaries, Substantial Shareholders, Directors and any of their respective associates.

Confirmation from the Sole Sponsor

Based on the aforesaid, the Sole Sponsor has confirmed that the Pre-IPO Investment is in compliance with three Guidance Letters issued by the Stock Exchange, HKEx-GL43-12 (October, 2012, updated in July, 2013 and March, 2017), HKEx-GL44-12 (October, 2012, updated in March, 2017) and HKEx-GL29-12 (January, 2012, updated in March, 2017).

OVERVIEW

We are a fast-growing multi-brand Singapore-based food and beverage group. As at the Latest Practicable Date, we operate (i) 19 bakery outlets selling a wide selection of bakery products; (ii) five Japanese fast casual dining restaurants in which one of them offers a unique dining experience where food is served to our customers through a miniature “bullet train” rail system; and (iii) two Western fast casual dining restaurants, all of which are in Singapore.

We encourage healthy lifestyles by serving freshly prepared artisanal and other bakery products, as well as Japanese and Western cuisines using quality ingredients. We aim to make quality food products accessible to our customers in Singapore at affordable prices and in an inviting atmosphere.

We operate our bakery outlets and restaurants under the following four self-owned brands. They offer a wide selection of bakery products and dining options which appeal to a broad range of customers. All of our bakery outlets and restaurants are strategically located in shopping malls of the CBD and suburban neighbourhoods and are easily accessible by public transport.

proofer
boulangerie

“**Proofer**” artisanal bakery outlets are a chain of retail artisanal bakeries which offer a wide range of fresh bakery products, including breads, pizzas and cakes. “**Proofer**” Western fast casual dining restaurant offers a vast selection of artisanal bakery products and light refreshment with seating available.

300^{BC} BAKERY

“**300 BC**” bakery outlets are a chain of retail bakeries which sell fresh bakery products, including breads and cakes at economical prices.



“**Yuba Hut**” Japanese fast casual dining restaurants (including eateries with seating available and one takeaway shop) provide Japanese cuisine and a broad range of traditional and fusion Japanese food, such as maki rolls, donburi rice bowls and sashimi, and specialise in Aburi style prepared food (blowtorch before serving). In addition, one of our “**Yuba Hut**” restaurants utilises a miniature “bullet train” rail system concept for food delivery.



“**Laura**” Western fast casual dining restaurant is a healthy fast casual dining concept restaurant which mainly serves protein bowls and artisanal bakery products.

BUSINESS

Since we first entered into the food and beverage industry in 2013, our founders, Mr. Aris Goh and Ms. Anita Chia, paid close attention to the increasing demand for quality food items in the midst of stable economic growth and developments in Singapore. Since 2013, our bakery outlet chain in Singapore has grown significantly in terms of number of outlets and revenue, and we have diversified our business portfolio to include fast casual dining operations, such as “*Proofer*”, “*Laura*” and “*Yuba Hut*” restaurants.

As at the Latest Practicable Date, we had a total of 26 food establishments, being 16 artisanal and bakery outlets under our “*Proofer*” brand, three bakery outlets under our “*300 BC*” brand, one Western fast casual dining restaurant under our “*Proofer*” brand, five Japanese fast casual dining restaurants under our “*Yuba Hut*” brand, and one Western healthy casual dining restaurant under our “*Laura*” brand. We have also established a central kitchen to prepare the dough for our breads and bakery products (including cakes and loaves) for delivery to our bakery outlets and restaurants. We plan to expand our network of artisanal bakery outlets and fast casual dining restaurants in Singapore, focusing on high-traffic retail locations which are easily accessible by public transport. Please refer to the section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus for details of our expansion plan.

We adopt an “open kitchen” concept at our “*Proofer*” artisanal bakery outlets enabling customers at our outlets to watch the production process of freshly made bakery products. We believe the sight of the process of creating beautifully crafted artisanal baked goods by our team of skilled bakers creates an entertaining and engaging environment for our customers.

According to the Euromonitor Report, our Group was ranked the seventh largest (in terms of market share) artisanal bakery chain players in Singapore in 2018, and accounted for approximately 2.1% market share of the artisanal bakery chain industry.

For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, our total revenue amounted to approximately S\$9.6 million, S\$16.3 million, S\$4.1 million and S\$5.4 million, respectively, and our profit (loss) after tax attributable to the owners of our Company amounted to a profit of approximately S\$0.9 million, S\$1.5 million, S\$0.2 million and a loss of approximately S\$0.8 million, respectively. Please refer to the sub-section headed “Our operations” below for the breakdown of our revenue by outlet types and brands during the Track Record Period.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following competitive strengths of our Group have contributed to our success and enabled our Group to compete effectively in the food and beverage industry in Singapore.

Our bakery outlets and restaurants are strategically located in shopping centres and MRT stations in both business and residential districts of Singapore

We strategically locate all of our bakery outlets and restaurants in shopping malls and MRT stations which are convenient locations with high customer traffic in both business and residential districts in Singapore. In particular, our bakery outlets and restaurants are usually situated near the entrances or the escalators of shopping malls or outside the gantries of MRT stations. This allows us to extend our customer reach and make our products conveniently available to a wide range of potential customers including office workers who buy breakfast on their way to work, families who order takeaway for dinner and people entering and leaving shopping malls.

We believe that customer flow and visibility of our bakery outlets and restaurants are critical factors that affect our revenue. We believe that our target demographic, outlets' performances, and quality of food products have consistently met our landlords' requirements for tenant selection, and we have therefore been able to secure lease renewals and outlets at locations with heavy traffic, such as MRT stations and shopping malls. This is evidenced from our success in securing sites with high customer traffic for most of our bakery outlets and restaurants during the Track Record Period.

We produce new, innovative and quality products regularly

We develop in-house recipes for all of our products with a view to offering our customers a diversified range of choices. We update our restaurant menus regularly to cater for different customers' tastes and satisfy their desire for new products in the competitive food and beverage market. We explore different combinations of dough and food ingredients to create various types of bread, cakes and other food products to attract customers. We also keep abreast of the prevailing health and nutrition trends and the changing tastes of customers to enhance customer loyalty and attract new customers.

We have a proven track record of consistent introduction of new products, including the launching of locally-inspired Nasi Lemak pizza, Pandan Otah bun and Nonya Chicken Curry bun for our bakery outlets, and Champion Floss Maki, Spicy Salmon Aburi Don and Cream Cheese Mentaiko Salmon Maki at our "Yuba Hut" restaurants. We believe these unique product offerings allow us to differentiate ourselves from our major competitors. In response to the emerging health consciousness among customers in Singapore, we opened "Laura" restaurant which offers protein bowls and other healthy food alternatives developed in-house.

During the Track Record Period, we offered a selection of over 170 different types of bakery products on a rotating basis at our bakery outlets, over 120 types of products at our "Laura" restaurant and about 70 products at our "Yuba Hut" restaurants.

BUSINESS

Furthermore, we adhere strictly to our quality control standard in the selection of suppliers to maintain a high standard of our food products. As part of the selection process, we inspect samples of food ingredients, if appropriate. Please refer to the sub-section headed “Food safety and quality control” below for further details of our quality control procedures.

We have an experienced management team

Under the leadership of our founders and executive Directors, Mr. Aris Goh and Ms. Anita Chia, our Group has grown rapidly from our first single “*Proofer*” bakery outlet back in 2013 to a total of 26 bakery outlets and restaurants as at the Latest Practicable Date. Both Mr. Aris Goh and Ms. Anita Chia possess extensive knowledge of all facets of our business and operations, as well as a deep understanding of the food culture in Singapore, making them well suited to serve as our executive Directors. Ms. Yong Shu Mei, our procurement and operation manager, is responsible for overseeing our procurement process and managing our relationships with suppliers. Ms. Yong Shu Mei has served our Group for over five years since our establishment. Please refer to the section headed “DIRECTORS AND SENIOR MANAGEMENT” in this prospectus for the biographical details of our Directors and senior management.

Our central kitchen and standardised operations support our existing business and future growth

We operate a central kitchen that centralises the preparation of dough and certain bakery products for all of our bakery outlets and restaurants selling bakery products. Since the basic dough and certain bakery products are produced at the same place, at the same time using the same equipment, the use of our central kitchen guarantees a consistent taste and quality of our food products sold across our retail network. Our central kitchen increases our efficiency as we are able to centralise our raw material procurement and storage, production process and delivery options, while our bakery outlet and restaurant staff can focus on precision and better customer service. As a result, we benefit from savings in production, kitchen staff and space costs, and enjoy the flexibility of opening new bakery outlets without having to set up additional facilities at the outlets to produce dough and certain bakery products. In addition, we believe this arrangement helps to save on food costs due to mass purchasing by a central kitchen compared to buying for each individual bakery outlet or restaurant. Please refer to the sub-section headed “Central kitchen” below for further details.

Further, we develop standardised recipes for our bakery outlets and restaurants to ensure consistent quality and taste of bakery products and other food items. Likewise, every outlet operating under the same brand shares a unified concept with similar theme of interior design, which we believe would provide an unified ambience to our customers when they visit any of our bakery outlets and restaurants operating under the same brand.

BUSINESS

Upon Listing, we plan to purchase machineries and renovate our central kitchen to support our business expansion, expedite and streamline our production process and open new artisanal bakery outlets before 31 January, 2021. (Please refer to the section headed “FUTURE PLANS AND USE OF PROCEEDS — Future plans — (iii) Upgrade our existing central kitchen and set up a new cake room to support our existing operation and future expansion” in this prospectus for further details.) Our Directors are confident that the proposed upgrade of our central kitchen will increase our production capacity and support our operations efficiently.

OUR BUSINESS STRATEGIES

We plan to execute the following strategies to enhance our market position in the food and beverage industry and become a leading artisanal bakery and fast casual dining restaurant chain in Singapore.

(i) Pursue new artisanal bakery outlets and fast casual dining restaurants development

We believe that there is significant opportunity to expand in Singapore, and we believe our highly replicable business model and established brand names position us for continued strong growth over the medium and long-term.

During the Track Record Period, we have been operating our bakery outlets under “*Proofer*” and “*300 BC*” brands, our Japanese fast casual dining restaurants under “*Yuba Hut*” brand and our Western fast casual dining restaurants under “*Laura*” and “*Proofer*” brands. We believe this multi-brand model is essential to our success.

Our revenue is a function of the number of our outlets and restaurants. We expanded the number of our bakery outlets from 12 to 19 and our restaurants from two to seven during the Track Record Period and up to the Latest Practicable Date, and recorded a year-on-year increase in revenue from our new bakery outlets and restaurants of approximately S\$4.6 million for 2019 financial year. During the Track Record Period, we funded the expansion our bakery outlet and restaurant network using our internal resources and bank borrowings with a view to increasing our presence and market share. Please refer to the sub-section headed “Our operations — Historical changes in our bakery outlets and fast casual dining restaurants” below for further details of changes in our food establishment network.

According to the Euromonitor Report, Singapore’s artisanal bakery chain retailing market, Japanese fast casual dining market and Western fast casual dining market are expected to grow at a CAGR at approximately 2.5%, 3.0% and 2.2% between 2019 and 2023, respectively. As at the end of 2018, our market share in terms of revenue in 2018 accounted for approximately 2.1%, 0.7% and 0.17%, respectively of the said markets.

BUSINESS

In order to continue our organic business growth and increase our market share, we believe it is crucial to open new artisanal bakery outlets and fast casual dining restaurants under our existing brands in new locations (including shopping malls and MRT stations) where we do not yet have a footprint in Singapore. (See section headed “FUTURE PLANS AND USE OF PROCEEDS — Future Plans — (i) To expand our operation by opening new artisanal bakery outlets and fast casual dining restaurants” in this prospectus for details of locations where we plan to set up our new bakery outlets and restaurants.) Based on our past experience, we are capable of effectively replicating our business model which includes site selection, preparation of shop opening, hiring and training of on-site staff, and managing our operations at our newly selected sites. We plan to open a total of nine new artisanal bakery outlets and eight restaurants under our own brands by 30 June, 2021 as more fully described in the table below:

Brands	Number of new artisanal bakery outlets	Number of new Japanese fast casual dining restaurants	Number of new Western fast casual dining restaurants
<i>Proofer</i>	9	—	2 <i>(note)</i>
<i>Yuba Hut</i>	—	4	—
<i>Laura</i>	—	—	2 <i>(note)</i>
Total	9	4	4

Note: The two Western fast casual dining restaurants under “*Proofer*” brand in Clementi Mall and “*Laura*” brand in Change Alley Mall are expected to be opened in May, 2020. The related upfront costs will be funded by our internal resources.

(ii) Expand our workforce

We intend to hire additional:

- a. central kitchen staff to support our new artisanal bakery outlets to be opened according to our expansion plan, our existing central kitchen and the new cake room; and
- b. marketing and back office personnel alongside our business expansion.

(iii) Upgrade our central kitchen and set up a new cake room to support our existing operation and future expansion

The capacity of our central kitchen is only able to satisfy the current demand from our existing network of bakery outlets and restaurants as our production level for 2019 financial year and the four months ended 31 October, 2019 reached 93.4% and 93.3% of our central kitchen’s maximum capacity, respectively. Accordingly, we plan to upgrade and increase the production capacity of our central kitchen and set up a separate fully fledged cake room which will be located near our central kitchen to support our future expansion of bakery

BUSINESS

outlet and restaurant base after Listing. This includes the automation of part of our dough production process at our central kitchen through the use of dough dividers, and an addition of a new cake room designated for the production of cakes. We believe that upon implementation of these plans, our production capacity will be expanded considerably and the enhanced automated production process will maintain the quality of our products. (See section headed “FUTURE PLANS AND USE OF PROCEEDS — Future Plans — (iii) Upgrade our existing central kitchen and set up a new cake room to support our existing operation and future expansion” in this prospectus for details of the expected increase in production capacity after the upgrade of our central kitchen and set up of a new cake room.)

(iv) Purchase a lorry to deliver dough and certain bakery products

As we expand in the future, we plan to purchase a lorry to deliver the increased volume of dough and certain bakery products from our central kitchen and our new cake room to our enlarged bakery outlet and restaurant base in the future.

(v) Enhance marketing activities to heighten brand awareness

We were ranked the seventh largest artisanal bakery chain group in Singapore in terms of revenue and had a market share of around 2.1% for the year ended 31 December, 2018 according to Euromonitor Report. We plan to launch our membership programme and use a variety of marketing and advertising channels to build brand awareness, attract new customers, enlarge our market share and support new bakery outlet and restaurant openings as part of our expansion plan. In particular, our fast casual dining business is at an early stage of development, and we will focus on building our restaurant brands and promoting our new menu additions through various social media platforms, our website and in-restaurant signage.

(vi) Automation of inventory management, human resources and accounting systems

Part of our current inventory and human resources management and accounting systems involve manual processes. Our strategy is to automate these systems after Listing and managing various aspects of our business via a single interface by purchasing and implementing a suitable integrated software. We believe the automation of our systems will improve our operational efficiency and minimise human errors.

We intend to finance the abovementioned marketing activities and purchase of inventory management, human resources and accounting system with our internal resources, and the rest of our business strategies with the net proceeds of the Share Offer. (See section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus for details.)

BUSINESS

OUR OPERATIONS

Historical changes in our bakery outlets and fast casual dining restaurants

Bakery outlets

We set out below the movement of the number of our bakery outlets during the Track Record Period and up to the Latest Practicable Date:

	Number of artisanal bakery outlets operated under our “Proofer” brand	Number of bakery outlets operated under our “300 BC” brand	Total number of bakery outlets
As at 30 June, 2017	12	0	12
Additions of new bakery outlets during 2018 financial year	1	1	2
Closure of bakery outlets during 2018 financial year	(2)	(0)	(2)
As at 30 June, 2018	11	1	12
Additions of new bakery outlets during 2019 financial year	5	2	7
Closure of bakery outlets during 2019 financial year	(1)	(0)	(1)
As at 30 June, 2019	15	3	18
Additions of new bakery outlets during the four months ended 31 October, 2019	0	0	0
Closure of bakery outlets during the four months ended 31 October, 2019	0	0	0
As at 31 October, 2019	15	3	18
As at the Latest Practicable Date	<u>16</u>	<u>3</u>	<u>19</u>

BUSINESS

Fast casual dining restaurants

We set out below the movement of the number of our restaurants during the Track Record Period and up to the Latest Practicable Date:

	Number of restaurants operated under our "Yuba Hut" brand	Number of restaurants operated under our "Laura" brand	Number of restaurants operated under our "Proofer" brand	Total number of restaurants
As at 30 June, 2017	2	0	0	2
Additions of new restaurants during 2018 financial year	2	1	0	3
Closure of restaurants during 2018 financial year	(0)	(0)	(0)	(0)
As at 30 June, 2018	4	1	0	5
Additions of new restaurants during 2019 financial year	2	0	1	3
Closure of restaurant during 2019 financial year	(0)	(0)	(0)	(0)
As at 30 June, 2019	6	1	1	8
Additions of new restaurants during the four months ended 31 October, 2019	0	0	0	0
Closure of restaurants during the four months ended 31 October, 2019	0	0	0	0
As at 31 October, 2019	6	1	1	8
As at the Latest Practicable Date	<u>5</u>	<u>1</u>	<u>1</u>	<u>7</u>

BUSINESS

We closed three “*Proofer*” artisanal bakery outlets and a “*Yuba Hut*” fast casual dining restaurant during the Track Record Period and up to the Latest Practicable Date. The following table shows their locations, commencement dates, closure dates, types of premises and reason(s) for their respective closure:

Brand Name	Location	Commencement date	Closure date	Type of premises	Reason for closure
<i>Proofer</i>	Paya Lebar Square	December, 2014	December, 2017	Mixed-use retail shops and office building	
<i>Proofer</i>	Takashimaya department store	November, 2015	September, 2017	Department store	Our Group decided not to renew the leases due to the unsatisfactory performances of the outlets
<i>Proofer</i>	Wisma Atria shopping mall	May, 2016	April, 2019	Shopping mall	
<i>Yuba Hut</i>	Hillion Mall	March, 2017	February, 2020	Shopping mall	The lease was not renewed because the landlord decided to increase the rent significantly

Notwithstanding the abovementioned closure of our bakery outlets, we continued to grow our bakery operation during the Track Record Period by opening nine new bakery outlets in total. The number of our bakery outlets increased from 12 as at 1 July, 2017 to 18 as at 30 June, 2019 and 31 October, 2019, and subsequently to 19 as at the Latest Practicable Date.

Our revenue is a function of the number of our bakery outlets and restaurants. We expanded the number of our bakery outlets from 12 to 19 and our restaurants from two to seven during the Track Record Period and up to the Latest Practicable Date, and recorded a year-on-year increase in revenue from our new bakery outlets and restaurants of approximately S\$4.6 million for 2019 financial year. Furthermore, according to the Euromonitor Report, the food and beverage industry is largely dominated by large-scale bakery retailers which have advantages on operational flexibility. Therefore, our Directors believe that our proposed allocation of majority of net Listing proceeds for establishing nine new artisanal bakery outlets and six new fast casual dining restaurants in Singapore after Listing and by 30 June, 2021 is a commercially sensible move to enhance our competitiveness. (See section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus for further details of our expansion plans post Listing.)

BUSINESS

Operational performance of our bakery outlets and restaurants

Set forth below are certain key operational information of our bakery outlets and restaurants for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019.

Commencement Date	2018 financial year				2019 financial year											
	Number of transactions	Number of operation days	Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue	Operating profit (8) and (10)	Operating profit margin ⁽⁹⁾	Number of transactions	Number of operation days	Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue	Operating profit (8) and (10)	Operating profit margin ⁽⁹⁾
			\$	\$	\$	%	\$	%			\$	\$	\$	%	\$	%
Proofer artisanal bakery outlets																
Proofer (Changi City Point)	35,766	365	319,532	875	8.93	3.3	63,740	19.9	32,396	365	348,762	956	10.77	2.1	84,658	24.3
Proofer (Tampines 1)	132,829	365	758,547	2,078	5.71	7.9	45,888	6.1	97,284	365	618,220	1,694	6.35	3.8	88,304	14.3
Proofer (Selegar Mall)	101,557	365	408,427	1,119	4.02	4.3	14,194	3.5	86,538	365	416,424	1,141	4.81	2.6	45,653	11.0
Proofer (Paya Lebar Square) ⁽³⁾	23,828	162	115,452	713	4.85	1.2	(38,699)	N/A	—	—	—	—	—	—	—	—
Proofer (Sun Plaza)	80,820	365	471,062	1,291	5.83	4.9	66,369	14.1	83,859	365	483,657	1,325	5.77	3.0	88,962	18.6
Proofer (Takashimaya) ⁽⁴⁾	2,869	88	18,611	211	6.49	0.2	989	5.3	—	—	—	—	—	—	—	—
Proofer (Chinatown Point)	65,458	364	324,442	891	4.96	3.4	3,886	1.2	73,688	363	468,451	1,290	6.36	2.9	101,943	21.8
Proofer (Heartland Mall)	201,619	365	1,071,221	2,935	5.31	11.2	155,364	14.5	165,196	365	980,316	2,687	5.94	6.0	217,300	22.2
Proofer (Wisma Atria) ⁽⁵⁾	132,642	365	589,575	1,560	4.29	5.9	5,239	0.9	82,894	297	550,578	1,854	6.64	3.4	(4,208)	N/A
Proofer (Compass One)	204,900	365	1,051,356	2,880	5.13	11.0	130,220	12.4	193,075	365	1,091,076	2,989	5.65	6.7	154,273	14.1
Proofer (Tanjong Pagar Centre)	330,191	363	1,073,839	2,958	3.25	11.2	234,965	21.9	346,742	363	1,146,206	3,158	3.31	7.0	274,331	23.9
Proofer (Hillion Mall)	219,260	365	1,044,903	2,863	4.77	10.9	96,499	9.2	210,114	365	1,129,286	3,094	5.37	6.9	209,782	18.6
Proofer (Northpoint City)	57,050	185	308,638	1,668	5.41	3.2	2,166	0.7	88,982	365	588,397	1,557	6.39	3.5	(72,980)	N/A
Proofer (Tampines Mall) ⁽⁷⁾	—	—	—	—	—	—	—	—	99,042	348	549,414	1,579	5.55	3.4	3,081	0.6
Proofer (Oasis Terraces) ⁽⁷⁾	—	—	—	—	—	—	—	—	55,607	265	400,236	1,510	7.20	2.5	29,366	7.3
Proofer (AMK Hub) ⁽⁷⁾	—	—	—	—	—	—	—	—	65,269	234	384,609	1,644	5.89	2.4	87,859	22.8
Proofer (White Sands) ⁽⁷⁾	—	—	—	—	—	—	—	—	30,003	162	155,048	957	5.17	1.0	6,948	4.5
Proofer (POIZ Centre) ⁽⁷⁾	—	—	—	—	—	—	—	—	45,634	100	455,129	4,551	9.97	2.8	136,697	30.0
Subtotal (A)	1,588,789	4,082	7,535,605	1,846	4.74	78.6	780,861	10.4	1,756,323	5,052	9,746,421	1,929	5.55	59.7	1,452,979	14.9

BUSINESS

Commencement Date	2018 financial year										2019 financial year									
	Number of transactions	Number of operation days	Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue	Operating profit ^{(8) and (10)}	Operating margin ⁽⁹⁾	Number of transactions	Number of operation days	Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue	Operating profit ^{(8) and (10)}	Operating margin ⁽⁹⁾				
300 BC bakery outlets																				
June, 2018	476	2	2,199	1,099	4.62	0.0	(30,339)	N/A	94,573	365	411,667	1,128	4.35	2.5	9,911	2.4				
August, 2018	—	—	—	—	—	—	—	—	135,739	317	474,088	1,496	3.49	2.9	67,194	14.2				
January, 2019	—	—	—	—	—	—	—	110,564	174	336,203	1,932	3.04	2.1	15,739	4.7					
Subtotal (B)	476	2	2,199	1,099	4.62	0.0	(30,339)	N/A	340,876	856	1,221,958	1,428	3.58	7.5	92,844	7.6				
Japanese fast casual dining restaurants																				
March, 2017	16,368	365	687,768	1,884	42.02	7.2	20,336	3.0	17,371	365	738,130	2,022	42.49	4.5	132,236	17.9				
June, 2017	26,207	365	811,589	2,224	30.97	8.5	165,004	20.3	25,240	365	848,480	2,325	33.62	5.2	227,514	26.8				
December, 2017	11,894	185	456,166	2,466	38.35	4.8	25,811	5.7	17,536	365	779,524	2,136	44.45	4.8	115,284	14.8				
May, 2018	1,571	38	20,960	552	13.34	0.2	(1,192)	N/A	14,358	365	259,703	712	18.09	1.6	20,239	7.8				
December, 2018	—	—	—	—	—	—	—	—	12,286	181	684,495	3,670	54.06	4.1	131,806	19.8				
March, 2019	—	—	—	—	—	—	—	—	9,331	105	251,538	2,396	26.96	1.5	77,263	30.7				
Subtotal (C)	56,040	953	1,976,483	2,074	35.27	20.6	210,059	10.6	96,122	1,746	3,541,570	2,028	36.84	21.7	704,363	19.9				
Western fast casual dining restaurants																				
June, 2018	7,259	18	77,016	4,279	10.61	0.8	(46,974)	N/A	72,079	365	902,668	2,471	12.51	5.5	317,777	35.2				
July, 2018	—	—	—	—	—	—	—	—	140,435	348	907,350	2,607	6.46	5.6	368,624	40.6				
Subtotal (D)	7,259	18	77,016	4,279	10.61	0.8	(46,974)	N/A	212,514	713	1,809,418	2,538	8.51	11.1	686,401	37.9				
Unallocated																(27,681)				
Total (A)+(B)+(C)+(D)	1,652,564		9,591,303			100.0	889,331	9.3	2,405,835		16,319,367			100.0	2,908,906	17.8				

BUSINESS

Four months ended 31 October, 2019

Four months ended 31 October, 2018

Commencement Date	Number of transactions	Number of operation days	Average			Operating profit margin ⁽⁸⁾ %	Number of transactions	Number of operation days	Average			Operating profit margin ⁽⁹⁾ %	
			Total revenue	Average daily revenue ⁽¹⁾	spending per transaction ⁽²⁾				% of total revenue	Total revenue	Average daily revenue ⁽¹⁾		spending per transaction ⁽²⁾
			\$	\$	\$	%			\$	\$	\$	%	
Proofer (Changi City Point)	11,530	123	83,524	760	8.11	2.3	10,924	123	88,988	723	8.03	1.7	
Proofer (Tampines 1)	35,325	123	205,278	1,669	5.81	5.0	13,629	123	168,244	1,368	5.40	3.1	
Proofer (Selayar Mall)	30,592	123	120,280	978	3.93	2.9	5,709	123	124,989	1,016	4.03	2.3	
Proofer (Paya Lebar Square) ⁽³⁾	—	—	—	—	—	—	—	—	—	—	—	—	
Proofer (Sun Plaza)	28,283	123	150,383	1,223	5.32	3.6	16,208	123	148,980	1,211	5.39	2.8	
Proofer (Takashimaya) ⁽⁴⁾	—	—	—	—	—	—	—	—	—	—	—	—	
Proofer (Chinatown Point)	24,022	123	116,250	945	4.84	2.8	7,389	123	124,066	1,009	4.89	2.3	
Proofer (Heartland Mall)	59,451	123	323,012	2,626	5.43	7.8	35,640	123	312,146	2,538	5.31	5.8	
Proofer (Wisma Atria) ⁽⁵⁾	39,708	123	181,923	1,479	4.58	4.4	(14,045)	—	—	—	—	—	
Proofer (Compass One)	70,649	123	371,426	3,020	5.26	9.0	26,304	123	320,841	2,608	5.09	6.0	
Proofer (Tanjong Pagar Centre)	119,283	123	375,894	3,057	3.15	9.1	73,124	123	374,905	3,048	3.10	7.0	
Proofer (Hilton Mall)	75,197	123	356,924	2,902	4.75	8.6	22,861	123	352,148	2,863	4.86	6.5	
Proofer (Northpoint City)	29,206	123	145,958	1,187	5.00	3.5	(53,933)	123	190,094	1,545	6.29	3.5	
Proofer (Tampines Mall) ⁽⁷⁾	34,360	106	170,892	1,613	4.98	4.1	3,170	123	150,870	1,227	4.68	2.8	
Proofer (Oasis Terraces) ⁽⁷⁾	6,571	29	37,663	1,299	5.73	0.9	(38,815)	123	121,377	987	5.80	2.3	
Proofer (AMK Hub) ⁽⁷⁾	—	—	—	—	—	—	—	123	122,153	993	4.50	2.3	
Proofer (White Sands) ⁽⁷⁾	—	—	—	—	—	—	—	123	91,576	745	5.30	1.7	
Proofer (POZ Centre) ⁽⁷⁾	—	—	—	—	—	—	—	123	327,463	2,662	7.98	6.1	
Subtotal (A)	564,177	1,488	2,649,597	1,781	4.70	64.0	107,955	1,845	3,018,448	1,636	4.95	56.0	
												213,832	
													7.1

⁽³⁾Proofer' artisanal bakery outlets

⁽⁴⁾Proofer (Changi City Point)

⁽⁵⁾Proofer (Tampines 1)

⁽⁶⁾Proofer (Selayar Mall)

⁽⁷⁾Proofer (Paya Lebar Square)

⁽⁸⁾Proofer (Sun Plaza)

⁽⁹⁾Proofer (Takashimaya)

⁽¹⁰⁾Proofer (Chinatown Point)

⁽¹¹⁾Proofer (Heartland Mall)

⁽¹²⁾Proofer (Wisma Atria)

⁽¹³⁾Proofer (Compass One)

⁽¹⁴⁾Proofer (Tanjong Pagar Centre)

⁽¹⁵⁾Proofer (Hilton Mall)

⁽¹⁶⁾Proofer (Northpoint City)

⁽¹⁷⁾Proofer (Tampines Mall)

⁽¹⁸⁾Proofer (Oasis Terraces)

⁽¹⁹⁾Proofer (AMK Hub)

⁽²⁰⁾Proofer (White Sands)

⁽²¹⁾Proofer (POZ Centre)

⁽²²⁾Subtotal (A)

BUSINESS

Commencement Date	Number of transactions	Number of operation days	Four months ended 31 October, 2018				Four months ended 31 October, 2019									
			Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue	Total revenue	Average daily revenue ⁽¹⁾	Average spending per transaction ⁽²⁾	% of total revenue						
			\$	\$	\$	%	\$	\$	\$	%						
300 BC bakery outlets																
June, 2018	32,203	123	121,695	989	3.78	2.9	1,048	0.9	29,157	123	106,035	862	3.64	2.0	489	0.4
August, 2018	40,049	75	126,946	1,691	3.17	3.1	9,150	7.2	44,611	123	126,368	1,027	2.83	2.3	457	0.4
January, 2019	—	—	—	—	—	—	(4,932)	N/A	78,343	123	234,613	1,907	2.99	4.4	15,727	6.7
Subtotal (B)	72,252	198	248,541	1,255	3.44	6.0	5,266	2.1	152,111	369	467,006	1,266	3.07	8.7	16,663	3.6
Japanese fast casual dining restaurants																
March, 2017	5,203	123	207,090	1,684	39.80	5.0	4,031	1.9	5,831	123	229,357	1,866	39.37	4.3	20,854	9.1
June, 2017	7,934	123	239,398	1,946	30.17	5.8	11,752	4.9	8,232	123	280,190	2,278	34.04	5.2	40,463	14.4
December, 2017	5,386	123	208,631	1,696	38.74	5.0	3,410	1.6	6,334	123	245,793	1,998	38.81	4.6	11,670	4.7
May, 2018	5,238	123	79,930	650	15.28	1.9	960	1.2	4,378	123	66,738	543	15.24	1.2	676	1.0
December, 2018	—	—	—	—	—	—	—	—	4,705	123	275,318	2,240	58.56	5.1	17,012	6.2
March, 2019	—	—	—	—	—	—	—	—	8,321	123	221,578	1,801	26.63	4.1	42,343	19.1
Subtotal (C)	23,761	492	735,049	1,494	30.94	17.8	20,154	2.7	37,801	738	1,319,374	1,788	34.90	24.5	133,009	10.1
Western fast casual dining restaurants																
June, 2018	27,343	123	245,016	1,992	8.96	5.9	7,561	3.1	25,676	123	287,695	2,339	11.20	5.3	30,279	10.5
July, 2018	43,963	106	259,954	2,443	5.89	6.3	47,974	18.5	54,786	123	295,841	2,404	5.40	5.5	73,548	24.9
Subtotal (D)	71,306	229	503,970	2,201	7.07	12.2	55,535	11.0	80,462	246	583,306	2,371	7.25	10.8	103,827	17.8
Unallocated							(20,837)									(21,340)
Total (A)+(B)+(C)+(D)	731,496		4,137,157			100.0	168,083	4.1	880,373		5,388,564			100.0	446,981	8.3

Notes:

- Average daily revenue is calculated by dividing the total revenue by the number of days the relevant bakery outlet or restaurant is opened.
- Average spending per transaction is calculated by dividing the total revenue by the total number of transactions of the relevant bakery outlet or restaurant.
- Our bakery outlet located at Paya Lebar Square ceased operation in December, 2017.
- Our bakery outlet located at Takashimaya ceased operation in September, 2017.
- Our bakery outlet located at Wisma Atria ceased operation in April, 2019.

6. Our restaurant located at Hillion Mall ceased operation in February, 2020.
7. Commenced operation during 2019 financial year.
8. Our Yuba Hut (White Sands) utilises a miniature "bullet train" rail system concept for delivering food.
9. Our operating profit/(loss) at store level was calculated based on the total revenue of each bakery outlet and restaurant less our major operating cost, namely, raw materials and consumables used, employee benefit cost, expenses under short-term lease and variable lease payments, depreciation of right-of-use assets, finance costs (excluding interest expense on bank borrowings) and depreciation of plant and equipment.
10. Operating profit/(loss) at store level is not a IFRS item/measure. We have presented these non-IFRS financial information because our Directors consider these supplemental measures to be helpful for the Listing and other interested parties to assess the profitability of our business operation. These financial measures are unaudited and are not the measures of performance under the IFRSs. Although some of these financial measures are reconcilable to the line items in the financial information contained in the Accountant's Report in Appendix I to this prospectus, they should not be considered as measures comparable to, or substitutes for, items in our combined statement of comprehensive income as determined in accordance with the IFRSs. Furthermore, these financial measures may not be comparable to other similarly titled measures used by other companies. The use of these non-IFRS measures has material limitation as it does not include all income and costs that impact our profit for the relevant years and should not be used as a substitute for an analysis of our financial results presented under the IFRSs. Our operating profit margin was calculated based on the operating profit divided by the total revenue and multiplied by 100% for the relevant years.
11. Our operating profit/(loss) of each bakery outlet and restaurant is based on the unaudited management accounts of our subsidiaries for each of the financial years/periods under comparison.

BUSINESS

Operating breakeven period and investment payback period

Our Directors consider that a bakery outlet or a restaurant achieves its breakeven point when either its monthly revenue is at least equal to its monthly expenses, taking into account non-cash items such as depreciation and amortisation expenses incurred for the relevant month.

Our Directors consider that a bakery outlet or a restaurant achieves its investment payback when the operating cash inflows generated since the commencement of business of the relevant bakery outlet or a restaurant covers the costs of opening and operations, including capital expenditures and ongoing cash operating expenses incurred.

The table below shows the approximate historical breakeven point and investment payback period of our bakery outlets and restaurants opened during the Track Record Period:

	Operation commencement date	Number of months required to achieve breakeven	Number of months required to achieve investment payback
A. Bakery outlets			
“Proofer” artisanal bakery outlets			
Proofer (Northpoint City)	December, 2017	1	13
Proofer (Tampines Mall) <i>(Notes 1 and 2)</i>	July, 2018	1	Not applicable
Proofer (Oasis Terraces) <i>(Note 3)</i>	October, 2018	1	3
Proofer (AMK Hub) <i>(Note 4)</i>	November, 2018	1	2
Proofer (White Sands)	January, 2019	1	13
Proofer (POIZ Centre) <i>(Note 5)</i>	March, 2019	1	3
“300 BC” bakery outlets			
300 BC (Century Square) <i>(Notes 1 and 6)</i>	June, 2018	1	Not applicable
300 BC (Simei MRT)	August, 2018	1	17
300 BC (Pioneer MRT)	January, 2019	1	12
B. Japanese fast casual dining restaurants			
Yuba Hut (Northpoint City)	December, 2017	1	13
Yuba Hut (Junction 8)	May, 2018	2	14
Yuba Hut (White Sands)	December, 2018	1	7
Yuba Hut (POIZ Centre)	March, 2019	1	6
C. Western fast casual dining restaurants			
Laura (Century Square)	June, 2018	1	11
Proofer (United Square)	July, 2018	1	6

BUSINESS

Notes:

1. These bakery outlets had yet to achieve investment payback during the Track Record Period and up to the Latest Practicable Date.
2. Proofer (Tampines Mall) had yet to achieve investment payback due partly to intensified competition when a shopping mall in the vicinity, Century Square was re-opened in June, 2018 after nine months of renovation, and partly to increased capital expenditure from additional electrical works carried out at the outlet.
3. Proofer (Oasis Terrace) achieved a short investment payback period due to its lower rental per square foot in comparison with rental of other bakery outlets opened during the Track Record Period.
4. Proofer (AMK Hub) achieved a short investment payback period as it incurred the lowest capital expenditure amongst the bakery outlets opened during the Track Record Period.
5. Proofer (POIZ Centre) achieved a short investment payback period due to (a) its lower rental per square foot in comparison with rental of other bakery outlets opened during the Track Record Period; and (b) its location outside a MRT station with high customer traffic.
6. 300 BC (Century Square) had yet to achieve investment payback due to its target customers which are low-to-middle income individuals and families, leading to lower average spending per transaction compared with “Proofer” bakery outlets.

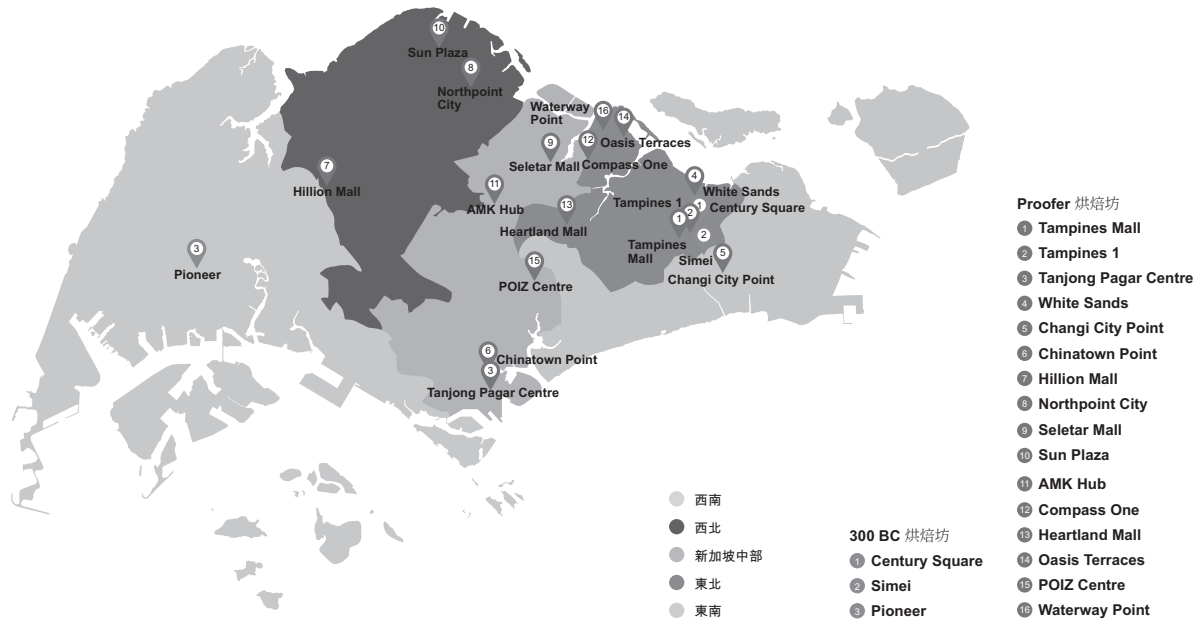
Our network

All of our bakery outlets and restaurants are strategically located in commercial and residential developments of Singapore. Among our 26 food establishments, 21 of them are situated in Central Singapore, North East and South East districts of Singapore where major business areas and shopping malls are clustered. We have 24 bakery outlets and restaurants located near residential areas in Singapore. The following maps illustrate the

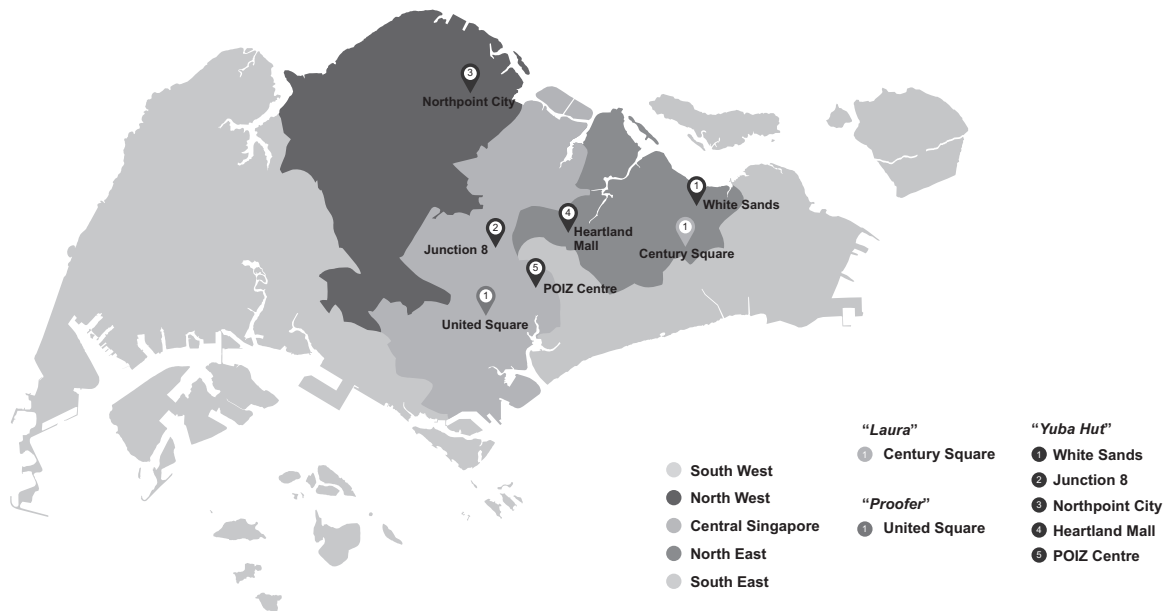
BUSINESS

locations of our 26 food establishments under each of our “Proofer”, “300 BC”, “Yuba Hut” and “Laura” brands in Singapore as at the Latest Practicable Date (indicated with the same numbering stated in the table that follows):

Bakery outlets



Fast casual dining restaurants



BUSINESS

As stated above, our site selection focuses on high-traffic retail areas and convenient locations such as shopping malls and MRT stations. The following table sets out the year of commencement and closure (if applicable) of operation, location, type of premises in which our bakery outlet or restaurant operates, approximate floor area and the nearest train station of our bakery outlets and restaurants in Singapore that were in operation during the Track Record Period:

		Address	Approximate floor area (sq. ft.)	Year of commencement	Year of closure	Type of premises in which our bakery outlet or restaurant operates	Nearest train station
<u>Bakery outlets</u>							
1	Proofer (Seletar Mall)	33 Sengkang West Avenue #01-37/38, The Seletar Mall, Singapore 797653	506	2014	—	Shopping mall	Fernvale
2	Proofer (Sun Plaza)	30 Sembawang Drive #B1-30, Sun Plaza, Singapore 757713	323	2014	—	Shopping mall	Sembawang
3	Proofer (Tampines 1)	10 Tampines Central 1 #B1-30, Tampines 1, Singapore 529536	689	2014	—	Shopping mall	Tampines
4	Proofer (Paya Lebar Square)	60 Paya Lebar Road, Unit #B1-10, Paya Lebar Square, Singapore 409051	388	2014	2017	Mixed-use retail shops and office building	Paya Lebar
5	Proofer (Changi City Point)	5 Changi Business Park Central 1 #B1-39, Changi City Point, Singapore 486038	161	2013	—	Shopping mall	Expo
6	Proofer (Takashimaya)	B2 Food Hall, Takashimaya Department Store, Area No. B2 08-4	120	2015	2017	Department store	Somerset
7	Proofer (Compass One)	1 Seng Kang Square #01-04, Compass One, Singapore 545078	538	2016	—	Shopping mall	Sengkang
8	Proofer (Heartland Mall)	205 Hougang Street 21 #01-133/135, Heartland Mall — Kovan, Singapore 530205	420	2016	—	Shopping mall	Kovan

BUSINESS

		Address	Approximate floor area (sq. ft.)	Year of commencement	Year of closure	Type of premises in which our bakery outlet or restaurant operates	Nearest train station
9	Proofer (Tanjong Pagar Centre)	7 Wallich Street #B2-02, Tanjong Pagar Centre, Singapore 078884	388	2016	—	Shopping mall	Tanjong Pagar
10	Proofer (Chinatown Point)	133 New Bridge Road #B1-43, Chinatown Point, Singapore 059413	344	2016	—	Shopping mall	Chinatown
11	Proofer (Wisma Atria)	Wisma Atria #B1-47, 435 Orchard Road, Singapore 238877	323	2016	2019	Shopping mall	Orchard
12	Proofer (Northpoint City)	1 North Point Drive #B2-07/08, Northpoint City, Singapore 768019	474	2017	—	Shopping mall	Yishun
13	Proofer (Hillion Mall)	17 Petir Road #B2-45/46, Hillion Mall, Singapore 678278	862	2017	—	Shopping mall	Bukit Panjang
14	Proofer (AMK Hub)	53 Ang Mo Kio Avenue 3 #B2-44, AMK Hub, Singapore 569933	193	2018	—	Shopping mall	Ang Mo Kio
15	Proofer (Tampines Mall)	4 Tampines Central 5 #B1-K7 Tampines Mall, Singapore 529510	560	2018	—	Shopping mall	Tampines
16	Proofer (Oasis Terraces)	681 Punggol Drive #02-07/08, Singapore 820681	507	2018	—	Shopping mall	MRT: Punggol Light Rail Transport: Oasis
17	300 BC (Century Square)	2 Tampines Central 5 #B1-22, Century Square, Singapore 529509	518	2018	—	Shopping mall	Tampines
18	300 BC (Simei MRT)	30 Simei Street 3 #01-03, Simei MRT Station, Singapore 529888	386	2018	—	MRT station	Simei
19	Proofer (White Sands)	1 Pasir Ris Central Street 3 #B1-12, Singapore 518457	313	2019	—	Shopping mall	Pasir Ris
20	Proofer (POIZ Centre)	51 Upper Serangoon Road #01-03, The POIZ Centre, Singapore 347697	338	2019	—	Shopping mall	Potong Pasir

BUSINESS

		Address	Approximate floor area (sq. ft.)	Year of commencement	Year of closure	Type of premises in which our bakery outlet or restaurant operates	Nearest train station
21	300 BC (Pioneer MRT)	31 Jurong West Street 63 #02-02, Pioneer MRT Station, Singapore 648310	436	2019	—	MRT station	Pioneer
<u>Fast casual dining restaurants</u>							
22	Yuba Hut (Heartland Mall)	205 Hougang Street 21 #01-19/20, #01-25/26, Heartland Mall — Kovan, Singapore 530205	388	2017	—	Shopping mall	Kovan
23	Yuba Hut (Hillion Mall)	17 Petir Road #01-05/06, Hillion Mall, Singapore 678278	700	2017	2020	Shopping mall	Bukit Panjang
24	Yuba Hut (Northpoint City)	1 Northpoint Drive #B1- 186, Northpoint City, Singapore 768019	700	2017	—	Shopping mall	Yishun
25	Yuba Hut (Junction 8)	9 Bishan Place #B1- K15, Junction 8 Shopping Centre, Singapore 579837	135	2018	—	Shopping mall	Bishan
26	Yuba Hut (White Sands)	1 Pasir Ris Central Street 3 #01-26/27, Singapore 518457	840	2018	—	Shopping mall	Pasir Ris
27	Yuba Hut (POIZ Centre)	51 Upper Serangoon Road #01-09, The POIZ Centre, Singapore 347697	549	2019	—	Shopping mall	Potong Pasir
28	Laura (Century Square)	2 Tampines Central 5 #01-01/02, Century Square, Singapore 529509	1,008	2018	—	Shopping mall	Tampines
29	Proofer (United Square)	101 Thomson Road #01-K8, United Square, Singapore 307591	576	2018	—	Shopping mall	Novena

Our bakery outlets

Our artisanal bakery outlets under “*Proofer*” brand and bakery outlets under “*300 BC*” brand offer a wide selection of bakery products. Our first “*Proofer*” bakery outlet was opened in 2013 at Changi City Point. In 2018, we developed a new concept and opened our first “*300 BC*” bakery outlet. We operate a vertically integrated business model with all of our bakery products made in-house on a daily basis and sold through our bakery outlets under “*Proofer*” and “*300 BC*” brands and restaurants under “*Laura*” and “*Proofer*” brands. Fresh dough and certain bakery products prepared at our central kitchen are delivered to our bakery outlets on a daily basis.

During the Track Record Period, we offered a selection of over 170 different types of bakery products on a rotating basis at our bakery outlets. Our “*Proofer*” and “*300 BC*” bakery outlets target different customer groups and price their products differently. The price of bakery products sold at our “*Proofer*” artisanal bakery outlets ranges from S\$1.5 to S\$38.0 and the price of bakery products sold at our “*300 BC*” bakery outlets ranges from S\$1.3 to S\$26.0.

The following images illustrate some of our bakery outlets:



Proofer (Northpoint City)



Proofer (Oasis Terraces)



Proofer (Tampines Mall)



300 BC (Century Square)

BUSINESS

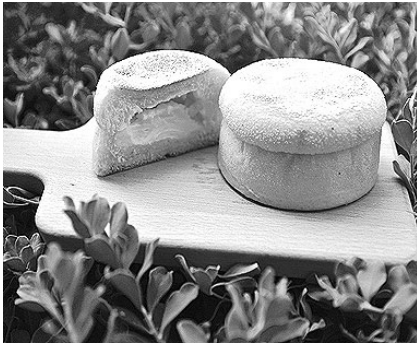
We create naturally leavened breads and cakes using artisanal traditions and methods and at times complemented with native and authentic food from Singapore and neighbouring areas, such as nasi lemak flavoured bread. The following images show some of our signature breads and cakes served at our “*Proofer*” and “*300 BC*” bakery outlets.



Banana pound cake



Swiss roll



Cheese pan



Matcha walnut

Our fast casual dining restaurants

Japanese fast casual dining restaurants

Our Japanese fast casual dining restaurants under our “Yuba Hut” brand offer a selection of both traditional and fusion styled maki rolls, donburi rice bowls and sashimi. Our first “Yuba Hut” restaurant was opened in March, 2017. As at the Latest Practicable Date, a total of five restaurants operated under our “Yuba Hut” brand. The prices of all food items sold at our five “Yuba Hut” restaurants are uniform and range from S\$1.50 (for miso soup) to S\$17.90 (for unagi don).

In 2018, we opened a restaurant under our “Yuba Hut” brand and introduced a technology-enabled new miniature “bullet train” rail system delivery concept. Customers at this new restaurant can begin their unique dining experience as soon as they are seated by ordering food using a digital tablet placed at each table and which provides customers access to our full food menu. On-demand orders are delivered directly from our kitchen to customers’ tables via the miniature “bullet train” rail system beside each table. We believe such miniature “bullet train” rail system delivery experience provides a highly-differentiated dining experience to our customers.

The following images illustrate some of our “Yuba Hut” restaurants:



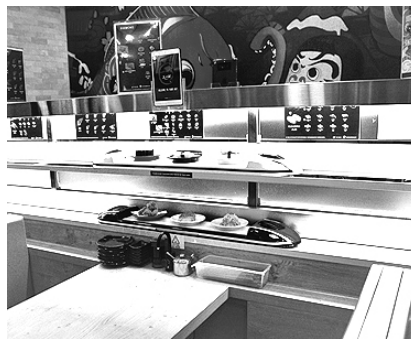
Yuba Hut (Northpoint City)



Yuba Hut (POIZ Centre)



Yuba Hut (White Sands)



Yuba Hut (White Sands) with miniature “bullet train” rail delivery system

BUSINESS

The following images illustrate some of our curated selection of crafted dishes served at our “Yuba Hut” restaurants and the dish names as reflected in our menus.



Champion Floss Maki



Samurai Unagi Aburi Maki



Salmon Aburi Don



Salmon Sashimi Don

Western fast casual dining restaurants

Our “*Laura*” restaurant is a new concept that was opened in June, 2018 and is catered towards health-conscious consumers. Its signature product is the protein bowl where customers can choose their favoured ingredients from a selection of base, proteins, supplements, toppings and dressings. Other items served at “*Laura*” restaurant include bakery products, sandwiches, pasta and rice dishes.

Our “*Proofer*” restaurant, opened in July, 2018, is located at the United Square Shopping Mall. As this mall is a kids-learning mall, our “*Proofer*” restaurant’s target customers are families with young children and their menus include bakery products (including breads, pizzas and cakes), pasta and french fries.

The price of food items sold at our “*Laura*” restaurant ranges from S\$1.5 (for butter sugar soft bun and anpan soft bun) to S\$63.0 (for whole dark chocolate cake and whole strawberry yogurt cheese cake). The price of food items sold at our “*Proofer*” restaurant ranges from S\$1.4 (for soft bun and garlic loaf slice) to S\$48.5 (for whole dark chocolate hazelnut cake and whole New York cheese cake).

BUSINESS

The following images illustrate our restaurants under “*Laura*” and “*Proofer*” brands.



Proofer (United Square)



Laura (Century Square)

The following images show some of our dishes served at our restaurants under “*Laura*” and “*Proofer*” brands and the dish names as reflected in our menus.



Salmon don



Signature pizza



Cheesy ham spaghetti

CUSTOMERS

Owing to the nature of our business, our customers are mainly retail customers from the general public for both of our bakery outlets and restaurants. Accordingly, our Directors consider that it is not practicable to identify the five largest customers of our Group during the Track Record Period, and we did not rely on any single customer during the Track Record Period. We did not enter into any long-term contract with our customers during the Track Record Period and up to the Latest Practicable Date. Our Directors confirm that our Group had no material dispute with our customers during the Track Record Period and up to the Latest Practicable Date.

We aim to provide quality bakery products and cuisine food items at affordable prices for customers of different income levels. The characteristics and distribution of our target customers for our various bakery outlets and restaurants are set out below.

Brands	Target customers
<i>Bakery outlets</i>	
<i>“Proofer”</i>	Middle-to-high income individuals and their families and commuters
<i>“300 BC”</i>	Low-to-middle income individuals and their families and commuters
<i>Japanese fast casual dining restaurants</i>	
<i>“Yuba Hut”</i>	Middle-income individuals and their families and casual diners
<i>“Yuba Hut”</i> (“bullet train” rail system concept)	Middle-income individuals and their families and casual diners looking for new dining experience
<i>Western fast casual dining restaurants</i>	
<i>“Laura”</i>	Health conscious middle-income individuals and their families, commuters and casual diners
<i>“Proofer”</i>	Middle-to-high income individuals and their families, commuters and casual diners

Customer service and customer feedback or complaints

We believe that a high standard of customer service is one of the crucial factors for retaining existing customers and attracting new customers to our bakery outlets and restaurants. The shop in-charge of our bakery outlets or restaurants oversees our day-to-day operations and supervises our bakers, chefs, floor staffs, front crew and kitchen helpers. Our management team randomly inspects our bakery outlets and restaurants and closely monitors the performance of our service staff to ensure that a high standard of customer

BUSINESS

service is maintained across all of our bakery outlets and restaurants. We provide on-the-job in-house training on our standard operation procedures to all of our new staff as soon as they join our Group so that they understand our culture and adhere to our customer service guidelines. (See sub-section headed “Employees — Staff training and development” below for further details regarding training for our employees.)

Each complaint that we receive directly from our customers will be recorded internally. The shop in-charge of our bakery outlets or restaurants will try to resolve the customer complaint on the spot whenever possible and take any remedial actions if required. However, if the complaining customer is not satisfied on-site, we will provide the customer with our customer service email and our management will handle the complaint directly. With respect to complaints or negative feedbacks provided by anonymous persons on the internet, our team will review the contents of such complaints or feedbacks and assess their authenticity. Those that appear to be made maliciously without any substantive informative content will not be dealt with. Otherwise our team will follow-up with them and discuss improvement measures with our shop in-charge after the relevant complaint has been settled.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material complaints, disputes or claims relating to food or service quality including incidents of food poisoning that had a material adverse effect on our business or results of operations. (See section headed “RISK FACTORS — Risks relating to our business — Adverse publicity and damages to our brands could impair our business and financial results to a considerable degree” in this prospectus for further details regarding customer complaints.)

Food delivery business

Most of our bakery outlets and restaurants have entered into delivery services agreements with third party online delivery services platforms to broaden our sales channels and reach out to more prospective customers. We have partnered with three renowned delivery service platforms in Singapore as at the Latest Practicable Date. During the Track Record Period, delivery sales had contributed to an increase in revenue from our bakery outlets and restaurants which would otherwise be limited by the number of walk-in customers, physical location, store size and, or number of tables. While we do not charge our customers any additional fees when they make online delivery orders through the delivery service platforms, and notwithstanding the commission payable to our delivery service platform partners (as further described below), our Directors are of the view that the reduced margins are justified by the volume of delivery sales and their contributions to our aggregate revenue and profit.

The third party online delivery service platforms charge us a commission of approximately 30% of the retail price for each order. Periodically, the delivery services platforms will send us statements containing a list of the orders that they have delivered and the net amounts that are payable to us. The delivery services platforms will normally pay the net amount of delivery sales, after deduction of a commission fee, to the designated bank accounts of our bakery outlets and restaurants between two weeks and one month.

BUSINESS

As described in the section headed “INDUSTRY OVERVIEW” in this prospectus, the adoption of online food ordering and delivery is growing among Singaporean consumers, and artisanal bakery chain retailers will need to adapt their operations to this growing trend of online delivery services in order to stay competitive in its target markets. It is also expected that online food delivery service will continue to play an important role for food and beverage industry in the future. Our Directors are committed to staying at the forefront of this growing trend and ensuring that our bakery products and other food items are available through online technology and social media platforms.

For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, delivery sales contributed approximately 3.2%, 3.2%, 3.7% and 3.2% of our revenue, respectively, and the aggregate commission paid to our third party online delivery service platforms amounted to approximately S\$100,837, S\$161,918, S\$49,127 and S\$54,443, respectively.

Seasonality

We experience seasonal fluctuations in our sales which are usually higher during festive periods, such as Christmas and New Year holidays, and school holidays in Singapore, than those for the remaining months of the year.

PRICING POLICY

We operate a multi-brand business model for our bakery outlets and restaurants. We mainly take into consideration the cost of raw materials and consumables and target profit margin in deciding the price of each menu item. The bakery products offered at our “Proofer” artisanal bakery outlets, “300 BC” bakery outlets and Western fast casual dining restaurants are priced differently based on their respective brand concepts and target customers. Our food products offered at our Western fast casual dining restaurants are different from those served at our Japanese fast casual dining restaurants, and thus they are offered at varying prices.

The cost of raw materials and consumables used as a percentage of revenue was approximately 24.6% and 20.1% for 2018 financial year and 2019 financial year, respectively. Such decrease was mainly attributable to (i) the benefits of economies of scale from bulk purchases and production; and (ii) the cost savings through the use of our central kitchen.

The cost of raw materials and consumables accounted for approximately 23.2% and 21.3% of our total revenues for the four months ended 31 October, 2018 and 2019, respectively. Such decrease was mainly attributable to the cost savings from bulk purchases and production.

Our management regularly reviews our menus including food items and prices. Apart from reviewing the selection of menu items, we adjust the menu prices in response to the fluctuations in our costs of raw materials and consumables, operating costs and general market trends.

BUSINESS

CUSTOMER SETTLEMENT AND CASH MANAGEMENT

We generally receive payments made by way of cash, credit cards, and others including payments through third party online delivery services platforms, mobile payments and cash vouchers issued by shopping malls in conjunction with promotional events. Majority of our customers settle their bills by cash or credit cards. Set forth below is a breakdown of our revenue classified by types of settlement methods during the Track Record Period:

	2018 financial year		2019 financial year		Four months ended 31 October, 2018		Four months ended 31 October, 2019	
	% of total revenue generated		% of total revenue generated		% of total revenue generated		% of total revenue generated	
	Revenue S\$	%	Revenue S\$	%	Revenue S\$	%	Revenue S\$	%
Cash	8,232,506	85.8	14,053,706	86.1	3,623,199	87.6	4,571,862	84.9
Credit card	1,036,054	10.8	1,560,055	9.6	344,786	8.3	605,275	11.2
Others ^(Note)	322,743	3.4	705,606	4.3	169,172	4.1	211,427	3.9
Total	<u>9,591,303</u>	<u>100.0</u>	<u>16,319,367</u>	<u>100.0</u>	<u>4,137,157</u>	<u>100.0</u>	<u>5,388,564</u>	<u>100.0</u>

Note: Others include payments through third party online delivery services platforms, mobile payments and cash vouchers issued by shopping malls.

Cash and cash management

Our bakery outlets and restaurants handle large amounts of cash daily. For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, settlement by cash represented approximately 85.8%, 86.1%, 87.6% and 84.9% of our total revenue, respectively.

As we handle a substantial amount of cash on a daily basis, we need to ensure the accuracy of our cash sales and reduce the risk of theft and misappropriation. We have established a cash management policy and procedure whereby the amounts of cash received daily at each of our bakery outlets and restaurants are tallied and reconciled with that recorded in our PoS system on a daily basis. At the end of each day of business, we also conduct reconciliations of sales summaries generated from our PoS system with the actual amounts received in cash, by credit card or other payment methods. The reconciliation of the cash sales of each of our bakery outlets and restaurants is conducted by our procurement and operation manager on a daily basis and on a monthly basis by our finance department. Upon reconciliation, cash received from daily cash sales will be sealed and witnessed in a tamper proof deposit bag which is then kept in the safe overnight at each of our bakery outlets and restaurants. The shop in-charge at each of our bakery outlets and restaurants are responsible for (i) verifying the cash amount at the time of opening and closing of the bakery outlets and restaurants; (ii) sealing the physical cash tallies and keeping in the safe; (iii) management of daily reports; and (iv) tallying and reconciling the cash collected against the daily reports of each of our bakery outlets and restaurants before

BUSINESS

the cash collected is deposited into our bank accounts. Other than cash received at our bakery outlets or restaurants pending delivery to our banks, we keep petty cash for the purpose of sporadic procurement of supplies when required.

As a measure to prevent misappropriation of cash, only our bakery outlets or restaurant's shop in-charge and his or her assistant are allowed access to the safe at each of our bakery outlets and restaurants. In addition, all of our bakery outlets and restaurants are installed with closed-circuit television system.

During the Track Record Period and up to the Latest Practicable Date, there were no incident of any material cash misappropriation or theft of cash by our employees, customers or other third parties.

We have adopted internal control policies and measures to prevent occurrence of fraud, theft, bribery, corruption and other misconduct, including for instance, illegitimate rebates from suppliers. As an example, our anti-fraud policy provides that staff is strictly prohibited from receiving gifts without approval of management. If the employees are aware of any sceptical events, they are encouraged to report to the senior management for further investigation.

Credit card

Our restaurants accept credit cards from most major credit card issuers for bills settlement. The payments made by credit cards are normally received by us within three Business Days after the credit card transaction is approved, net of service fees of approximately 2.3% of the transaction amount. For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, settlement by credit cards represented approximately 10.8%, 9.6%, 8.3% and 11.2% of our total revenue, respectively.

Others

Cashless payment

Most of our bakery outlets and restaurants accept cashless payments as settlement in addition to cash and credit card. For 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, settlement by cashless payments represented approximately 3.4%, 4.3%, 4.1% and 3.9% of our total revenue, respectively.

Cash vouchers

The shopping malls in which our bakery outlets and restaurants operate occasionally launch marketing campaigns whereby they issue cash vouchers which may be redeemed at participating merchants when the patrons make a spending. In line with our marketing strategies to increase our brand awareness and attract more customers, our Group often participates in these marketing campaigns. During the valid period of the marketing campaigns, our customers may pay part or all of their purchases at our bakery outlets and restaurants using the cash vouchers. We then submit the records of the cash vouchers that we have received to the management company of the shopping mall. The relevant landlord will reimburse us for these cash vouchers by setting off our rental expense payable in the coming month or by cheque payments on a dollar-for-dollar basis.

MARKETING

We focus on enhancing the attractiveness of our food products and raising our brand awareness. Our marketing initiatives include launching new food products, seasonal promotions, implementing a membership programme and taking part in shopping malls' marketing campaigns.

Our marketing strategies are mainly devised by our executive Director, our marketing team is responsible for the execution of our marketing strategies to promote our business, brands and reputation. Our management team also (i) regularly reviews our marketing activities to assess their effectiveness; and (ii) reviews product performance periodically to determine whether production of a product should be introduced, increased, decreased or discontinued. Our marketing and advertising expenses amounted to approximately S\$94,300, S\$97,150, S\$15,000 and S\$21,198 for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively.

“Proofer” membership programme

We have launched a membership programme which is designed to reward our customers for frequent visits to our “Proofer” artisanal bakery outlets. Membership cards are given to all customers who have spent more than S\$10 per visit (excluding pizzas) at any of our “Proofer” artisanal bakery outlets. Customers may show their membership cards to our outlet staff and will enjoy a 10% discount on regular-priced bakery products in their subsequent purchases at any “Proofer” artisanal bakery outlets.

At present, our membership card is not numbered and we do not collect any personal or other information (such as name, age, gender, address, amount spent or products purchased) from customers who receive and use our membership cards.

EXPANSION PLANS AND SITE SELECTION

Our Directors believe our ability to identify suitable locations for our bakery outlets and restaurants to be crucial to our long-term success.

Procedures for opening of new stores

It takes approximately four to six months to open a new bakery outlet or restaurant. The key steps in the development process of opening a new bakery outlet or restaurant are as follows:

Stage 1: Site selection process and lease agreement negotiation

All of our bakery outlets and restaurants are located at shopping malls or MRT stations. It is our strategy to open new bakery outlets and restaurants at locations frequently visited by our target customer groups in Singapore. (See sub-section headed “Customers” above for further details of our target customers.) One of the major factors in site selection is to identify shopping malls or MRT stations which have suitable premises available for rent. The availability of suitable premises can arise from the opening of new shopping centres, new housing developments with new MRT stations or other businesses moving out of their stores at existing shopping centres. We contact our landlords regularly to stay informed of potential suitable premises that are available in the market.

Once a potential site is identified, we consider the following additional factors:

- i. Visibility — whether the location of the premise is highly visible with high consumer traffic within the shopping mall or MRT station;
- ii. Competition — whether there are other bakery outlets or restaurants in the vicinity offering similar products as our bakery outlets or restaurants;
- iii. Cannibalism — whether the premise is in close proximity (within about one kilometre) with our existing bakery outlets or restaurants and the impact, if any, on our revenue in the future. We take into consideration the distance between target locations and our existing bakery outlets and restaurants to avoid internal sales cannibalism. We do not open more than one bakery outlet and restaurant under the same brand in the same shopping mall or MRT station or in close proximity in order to avert the potential adverse impact of cannibalism;
- iv. Demographics — spending power and dining habits of residents in the neighbourhood, residential and commercial population density; and
- v. Breakeven and investment payback period — the expected amount of capital expenditure and estimated time required for opening of the proposed bakery outlet or restaurant, and the estimated time required to achieve breakeven and investment payback.

Our evaluation of a potential site includes site visits. If our Directors determine that a potential site is suitable for opening a new bakery outlet or restaurant, we will commence negotiation of the lease agreement with the landlord. The lease agreements of our bakery outlets and restaurants typically have a term of three years and a one-month fit-out period with an option to renew for another three years. The monthly rent usually comprises a base rent, variable gross turnover rent of 0.5% to 1% of monthly gross sales (from the relevant outlet or restaurant), service charge plus advertising and promotion fee. The terms of the lease agreement are subject to the final review and approval by our executive Directors.

Stage 2: Renovation, licensing, staffing and procurement

Upon the signing of a lease agreement for a new bakery outlet or restaurant, we will prepare for opening of a new store. It usually takes around one to two months to complete fit-out work and other preparations to open a bakery outlet or restaurant. The key steps involved are as follows:

- i. We obtain quotations from selected interior designers, engineering companies, contractors and equipment suppliers on the proposed fitting-out works and renovation of the new store.
- ii. As often required by the lease agreements, we engage a contractor to prepare and submit our layout, mechanical and electrical plan of the new store to the landlord, and obtain the landlord's approval before commencement of fitting-out works.
- iii. We apply for the relevant licences and permits, including the Food Shop Licence. The licencing application generally takes three to four weeks from preparation of the licence application documents to the obtaining of all relevant licences. (For details of the licensing requirements, see sub-section headed "Licences and approvals" below and the section headed "REGULATORY OVERVIEW" in this prospectus.)
- iv. We apply to public utility companies for setting up the new store's electricity, water and gas supplies. This process usually takes around one week.
- v. Once our plans have been approved by the landlord, we engage interior designers, engineering companies and contractors to commence the fitting out works and renovation of the new store.
- vi. We obtain quotations and place orders for the equipment, furniture and decorations required for the new store. As all of our stores utilise PoS systems, PoS terminal will be set up at the new store.
- vii. Experienced staff from other bakery outlets or restaurants will be transferred to the new store at its commencement. New staff will also be hired for the new store, and the experienced staff can assist with providing training to the new staff on various aspects of the operations and procedures at our new store.

SUPPLIERS AND RAW MATERIALS

The food ingredients used in our food products are the major raw materials purchased for our bakery outlets and restaurants. Our procurement and operation manager is responsible for overseeing the inventory management and collaborating with the production head of our central kitchen, the chef in-charge, the baker in-charge, and the shop in-charge of each of our bakery outlets and restaurants to procure raw materials and consumables for our operations. During the Track Record Period, our suppliers mainly included food ingredients suppliers. We source our major raw food ingredients including flour, eggs, rice, raw fishes, meat originating from various countries, such as, Malaysia, Australia, Norway, Japan and Korea through local distributors.

Suppliers

The stability in the supply and the quality of our food ingredients are crucial to making quality bakery products and various Japanese and Western cuisine food items for our “*Proofer*”, “*Yuba Hut*” and “*Laura*” restaurants.

As at the Latest Practicable Date, we maintained a panel of over 20 suppliers of food ingredients pre-approved by our management to ensure stability in the supply of quality food ingredients. During the Track Record Period and up to the Latest Practicable Date, we generally procured supplies through individual orders and we had not entered into any long term supply contracts with our pre-approved suppliers. Normally, we have at least two pre-approved suppliers for each of our major ingredients to ensure a stable supply. We did not rely on any single supplier for any raw materials, food ingredients, beverages, kitchen and restaurant utensil during the Track Record Period.

Our pre-approved suppliers underwent a selection process based on certain defined criteria including (i) their ability to meet our demands; (ii) reputation of the suppliers; (iii) type, variety and quality of food ingredients, goods or services offered by suppliers; (iv) pricing, payment terms, delivery schedule and discount offered on food ingredients, goods or services; (v) track record; and (vi) our relationships with the suppliers.

Our procurement and operation manager is responsible for negotiating the pricing and other terms of our purchases with our pre-approved suppliers. Our shop in-charge is allowed to make purchases for their outlets if the purchase amount is less than S\$1,000, but are required to seek prior approval from our procurement and operation manager in respect of purchases valued over S\$1,000. (See sub-section headed “Inventory management” below for further details.)

To the best of our Directors’ knowledge, the prices of our ingredients were determined with reference to quality, market price, order quantity, seasonal factors and availability of sources of supply. The terms and conditions set out in our purchase orders placed with our pre-approved suppliers may differ. Our Directors are of the view that the prices of the food ingredients purchased by our Group were consistent with the then prevailing market prices and expect such purchase prices will continue to follow market prices under normal circumstance.

BUSINESS

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not experience any material interruption of supply, or failure to secure sufficient quantities of food ingredients that had any material adverse impact on our business operations. We have maintained stable relationships with our suppliers. Our business relationships with the five largest suppliers during the Track Record Period ranged from one to five years.

For 2018 financial year, 2019 financial year and the four months ended 31 October, 2019, the aggregate amount of purchases from our five largest suppliers represented approximately 65.5%, 63.9% and 60.4% of our total amount of raw materials and consumables used, respectively, and the amount of purchases from our largest supplier represented approximately 22.0%, 21.2% and 22.0% of our total amount of raw materials and consumables used for the same periods, respectively.

The table below sets out the profiles of our top five suppliers categorised based on our total purchases from them during the Track Record Period:

For 2018 financial year:

Ranking	Supplier	Major ingredients supplied	Year of commencement of business relationship	Typical credit terms	Payment method	Total amount of raw materials and consumables used	Approximate percentage of our total amount of raw materials and consumables used
						S\$	%
1	Supplier A ⁽¹⁾	Dairy products, toppings and others	Since 2013	30 days	By cheque	519,112	22.0
2	Supplier B ⁽²⁾	Sweet and savoury fillings and others	Since 2014	15 days	By cheque	401,058	17.0
3	Supplier C ⁽³⁾	Cheese	Since 2014	30 days	By cheque	256,708	10.9
4	Supplier D ⁽⁴⁾	Fish and other seafood	Since 2017	30 days	By cheque	253,897	10.8
5	Supplier E ⁽⁵⁾	Eggs	Since 2016	30 days	By cheque	115,131	4.8
Subtotal						1,545,906	65.5
Other suppliers						814,447	34.5
Total						2,360,353	100.0

BUSINESS

For 2019 financial year:

Ranking	Supplier	Major ingredients supplied	Year of commencement of business relationship	Typical credit terms	Payment method	Total amount of raw materials and consumables used	Approximate percentage of our total amount of raw materials and consumables used
						S\$	%
1	Supplier A ⁽¹⁾	Dairy products, toppings and others	Since 2013	30 days	By cheque	697,820	21.2
2	Supplier B ⁽²⁾	Sweet and savoury fillings and others	Since 2014	15 days	By cheque	528,346	16.1
3	Supplier F ⁽⁶⁾	Flour and sugar	Since 2018	30 days	By cheque	299,780	9.1
4	Supplier D ⁽⁴⁾	Fish and other seafood	Since 2017	30 days	By cheque	294,150	9.0
5	Supplier C ⁽³⁾	Cheese	Since 2014	30 days	By cheque	<u>278,137</u>	<u>8.5</u>
Subtotal						<u>2,098,233</u>	<u>63.9</u>
Other suppliers						<u>1,184,201</u>	<u>36.1</u>
Total						<u><u>3,282,434</u></u>	<u><u>100.0</u></u>

For the four months ended 31 October, 2019:

Ranking	Supplier	Major ingredients supplied	Year of commencement of business relationship	Typical credit terms	Payment method	Total amount of raw materials and consumables used	Approximate percentage of our total amount of raw materials and consumables used
						S\$	%
1	Supplier A ⁽¹⁾	Dairy products, toppings and others	Since 2013	30 days	By cheque	252,134	22.0
2	Supplier B ⁽²⁾	Sweet and savoury fillings and others	Since 2014	15 days	By cheque	164,109	14.3
3	Supplier C ⁽³⁾	Cheese	Since 2014	30 days	By cheque	95,347	8.3
4	Supplier F ⁽⁶⁾	Flour and sugar	Since 2018	30 days	By cheque	93,121	8.1
5	Supplier D ⁽⁴⁾	Fish and other seafood	Since 2017	30 days	By cheque	<u>88,486</u>	<u>7.7</u>
Subtotal						<u>693,197</u>	<u>60.4</u>
Other suppliers						<u>454,661</u>	<u>39.6</u>
Total						<u><u>1,147,858</u></u>	<u><u>100.0</u></u>

BUSINESS

Notes:

1. Supplier A was a private company incorporated in Singapore and engaged in the retail sale of confectionary and bakery products.
2. Supplier B was a private company incorporated in Singapore and engaged in the manufacturing of bakery and non-dairy products.
3. Supplier C was a private company incorporated in Singapore and engaged in the manufacturing of dairy products and was wholly-owned by a company listed on the Tokyo Stock Exchange with a market capitalisation of approximately JPY31.55 billion as at the Latest Practicable Date.
4. Supplier D was a private company incorporated in Singapore and engaged in the wholesale trade of fresh and frozen products such as meat, poultry, eggs and seafood.
5. Supplier E was a partnership registered in Singapore and engaged in the wholesale trade of food products.
6. Supplier F was a private company incorporated in Singapore and engaged in the general wholesale of foodstuffs.

During the Track Record Period, to the best of our Directors' knowledge, all of our top five suppliers during the Track Record Period were Independent Third Parties and none of the Directors, their respective close associates and any Shareholder (which to the knowledge of our Directors, who owned more than 5% of the issued share capital of our Company as at the Latest Practicable Date) had any interest in any of our top five suppliers during the Track Record Period.

We have put in place appropriate segregation of duties to prevent the occurrence of any bribery or kickback arrangements with our suppliers. Our Directors confirm that to the best of their knowledge, none of our Directors or employees was involved in any bribery or kickback arrangements with any of our suppliers during the Track Record Period and up to the Latest Practicable Date.

Credit and payment terms

During the Track Record Period, most of our purchases from our pre-approved suppliers were denominated in Singapore dollars and were generally settled by cheques. Our suppliers generally offer us trade credit periods from 15 to 30 days. (See section headed "FINANCIAL INFORMATION — Discussion and analysis of selected items in combined statements of financial position — Trade and other payables" in this prospectus for details of the credit and payment terms offered by our suppliers.)

Purchase cost control

From time to time we purchase packaging material in bulk to benefit from bulk discounts and ensure stability in the supply. We also adopt other measures to mitigate against potential adverse impact of increase in prices of food ingredients such as screening for new suppliers in addition to our panel of pre-approved suppliers who could provide food ingredients of similar quality but at a lower price.

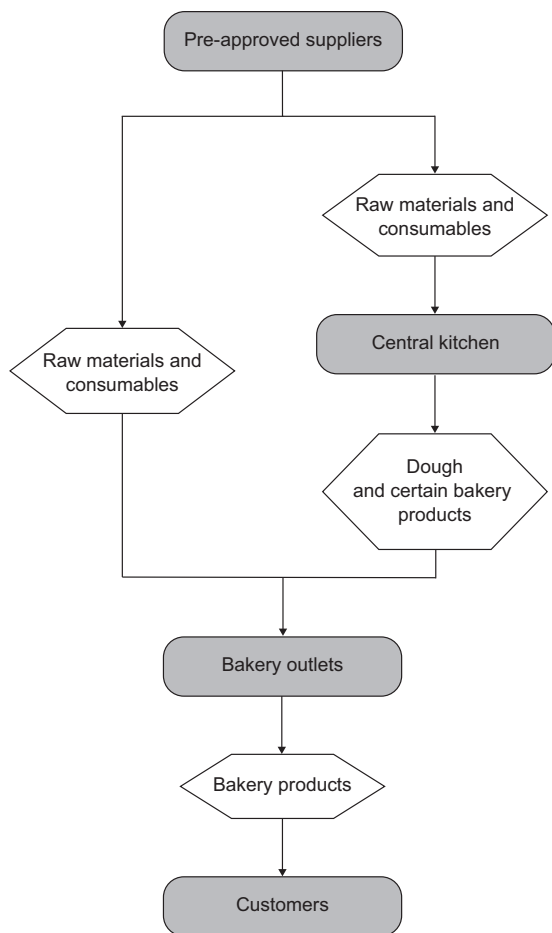
BUSINESS

For 2018 financial year and 2019 financial year, our raw materials and consumables used amounted to approximately S\$2.4 million and S\$3.3 million, respectively, representing about 24.6% and 20.1% of our revenues for the respective periods. For the four months ended 31 October, 2018 and 2019, our raw materials and consumables used amounted to approximately S\$1.0 million and S\$1.1 million, respectively, representing some 23.2% and 21.3% of our revenues for the respective periods.

We did not experience any major price fluctuations that had a material adverse impact on our purchase cost of raw materials and consumables used, including major food ingredients and packaging material during the Track Record Period. (For details of market price trends and sensitivity analysis of raw materials and consumables used during the Track Record Period, see sections headed “INDUSTRY OVERVIEW” and “FINANCIAL INFORMATION — Major factors affecting our financial conditions and results of operations — Specific factors — (ii) Raw materials and consumables used” in this prospectus, respectively.)

OPERATION PROCESS FOR OUR BAKERY OUTLETS

Set forth below is our standard operation process workflow of our bakery outlets:



1. We order from our pre-approved suppliers raw materials and consumables which are delivered to our central kitchen and individual bakery outlets.
2. Central kitchen prepares the dough and certain bakery products (that is, cakes and loaves) according to a master menu designed by our baker in-charge and management.
3. The dough and certain bakery products are delivered from our central kitchen to our individual bakery outlets.
4. Bakers at our bakery outlets use the dough from our central kitchen to bake bakery products based on a daily menu approved by our management.
5. Finished products are shelved and displayed at our individual bakery outlets in accordance with our store preparation guide.
6. The bakery products are sold to our customers.

Procurement of raw materials and consumables

We have established guidelines in relation to procurement of raw materials and consumables to ensure that all purchases are made from our pre-approved panel of suppliers, and all purchases and payments are authorised by appropriate personnel. Major raw materials for our bakery products include flour, butter, sugar, milk and eggs. Major consumables include paper boxes and polybags. Our staff at the central kitchen and bakery outlets monitor the level of inventory on a daily basis to ensure sufficient raw materials and consumables are readily available to meet the production plan determined by our management.

Our production head at our central kitchen or our baker in-charge at each of our bakery outlets are allowed to purchase raw materials from our pre-approved suppliers if the amount is less than S\$1,000. For each purchase over S\$1,000, our production head of our central kitchen and our baker in-charge of our bakery outlets are required to seek a prior approval from our procurement and operation manager. As we maintain a list of pre-approved suppliers and alternative substitutes are available for the major raw materials used by our central kitchen and bakery outlets, there is minimal risk that we face a shortage of core ingredients. (See sub-section headed “Inventory management” below for further details of our procurement.)

Delivery of raw materials and consumables to our central kitchen and bakery outlets

Purchase orders of raw materials (for making dough and certain bakery products) and consumables are delivered by our pre-approved suppliers either directly to our central kitchen or bakery outlets. All goods received are duly inspected, and the specifications and quantity are checked against the orders by our production head at our central kitchen or the baker in-charge at the relevant outlet prior to acceptance. The raw materials and consumables that are accepted are then recorded and stored at our central kitchen and, or our bakery outlets in accordance with our inventory management and control policy. Any substandard goods received will not be accepted and be returned to the pre-approved supplier for replacement. Our central kitchen and bakery outlets staff will report to our procurement and operation manager in respect of goods returned and reasons therefor.

Preparation of dough and certain bakery products at our central kitchen

Our central kitchen follows our standard operating procedures in preparing dough and certain bakery products (including cakes and loaves) according to our standardised recipe designed by our baker in-charge and management team. In order to ensure that our raw materials are fresh and are used before their expiry dates, we adopt a first-in, first-out method for our inventory. In preparing the dough, the required raw materials are measured and then mixed together in a mixer to form the dough. The dough is then weighed and cut into smaller portions and placed into a metal pan for storage at our central kitchen’s chiller before delivery to our bakery outlets.

BUSINESS

Our central kitchen also produces cakes including whole cakes, sliced cakes and swiss rolls. We make cakes by firstly measuring the requisite raw materials according to our standardised recipe. The raw materials are then combined in a mixer to form a cake batter which is then poured into moulds and is subsequently baked into cakes. After the cakes are cooled, some of them are cut or sliced, and some of the whole cakes and swiss rolls are decorated with jam, fruits and, or cream. The ready-made cakes are then stored at our central kitchen's chiller before being delivered to our bakery outlets.

Delivery of dough and certain bakery products from our central kitchen

We hire trucks from a vehicle leasing company to deliver dough and certain bakery products from our central kitchen to our designated bakery outlets on a daily basis. The drivers follow pre-determined routes and delivery schedules every morning and afternoon. This enables us to control our transportation costs and status of delivery. Backup arrangements involving the hire of alternative vehicles are put in place to deal with any unforeseen logistics issues. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in our deliveries to our bakery outlets.

Preparation and baking at our bakery outlets

After the dough is delivered to our bakery outlets every morning and afternoon, our bakers shape the dough and add to it various ingredients for producing a selection of quality breads. The dough is then placed into a proofer and allowed to rise as part of the fermentation process. After proofing (which is the final rise of shaped bread dough before baking), the dough is baked in pre-heated ovens. Our bakers adhere strictly to the steps contained in our in-house recipes and apply our inventory of ingredients on a first-in-first-out basis to ensure the freshness of our products. The freshly baked breads are then ready for sale directly at our bakery outlets.

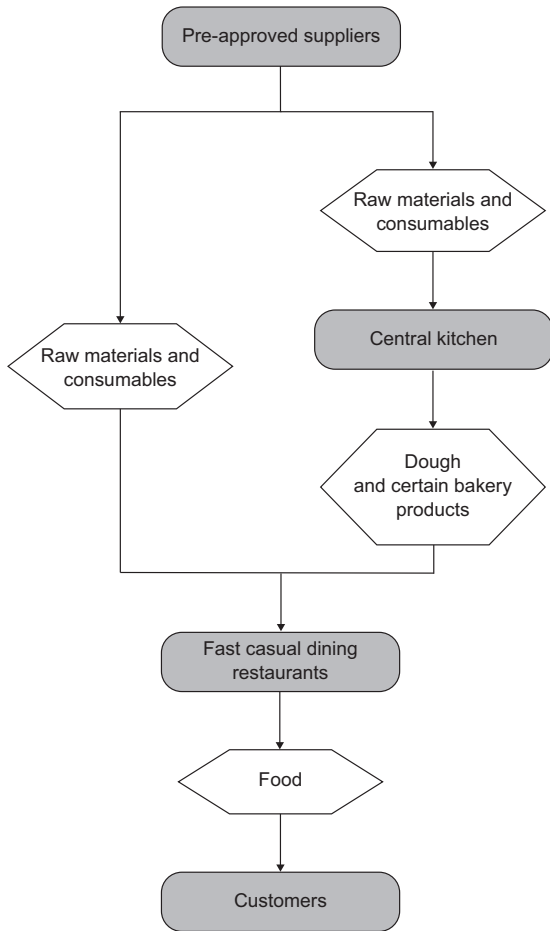
Presentation and sale of bakery products

We have established guidelines for packaging, displaying and selling bakery products at our bakery outlets to ensure that the appearance of our bakery outlets and presentation of all our products are consistent with our branding and appeal to our potential customers. The baker in-charge and shop in-charge at our bakery outlets monitor the level of stocks in each bakery outlet and adjust the display of products throughout the day in order to attract customers. Our cashiers and shop in-charge at our bakery outlets are required to adhere to our cash management policy and procedures when selling our products. (See sub-section headed "Customer settlement and cash management — Cash and cash management" above for further details.) All our sales are recorded by our PoS system on a real time basis).

BUSINESS

OPERATION PROCESS FOR OUR FAST CASUAL DINING RESTAURANTS

Set forth below is our standard operation process workflow of our restaurants:



1. We order from our pre-approved suppliers raw materials and consumables which are delivered to our central kitchen and individual restaurants.
2. Central kitchen prepares the dough and certain bakery products which are delivered to our Western fast casual dining restaurants. Bakers at our Western fast casual dining restaurants will then use the dough to bake bakery products. Finished products are shelved and displayed at our Western fast casual dining restaurants.
3. When customers visit our restaurants, they can make an order from our menu and, or choose bakery products from the shelves, and pay at the cashiers.
4. When customer orders are received, our restaurant chefs and kitchen assistants prepare the dishes in accordance with the recipes designed by our chef in-charge and approved by our management.
5. The food is plated and served to customers in accordance with our restaurant preparation guide.

Procurement of raw materials and consumables

We have established guidelines in relation to the procurement of raw materials and consumables to ensure that all purchases are made from our pre-approved suppliers, and all purchases and payments are authorised by appropriate personnel. Each restaurant monitors its inventory daily to ensure sufficient ingredients and raw materials are available to meet the production plan determined by our management. The chef in-charge of our restaurants are allowed to make purchases if the purchase amount is less than S\$1,000, and are required to seek prior approval from our procurement and operation manager in respect of purchases valued over S\$1,000. (See sub-section headed "Inventory management" below for further details.)

BUSINESS

Delivery of raw materials and consumables to our central kitchen and restaurants

Purchase orders of raw materials and consumables are delivered by our pre-approved suppliers to our restaurants or central kitchen directly. Quality of all goods received are duly inspected, and the quantity are checked against relevant orders made by our chef in-charge prior to acceptance. The goods that are accepted are recorded and stored on site at our restaurants in accordance with our inventory management and control policy. Any substandard goods received will not be accepted and be returned to the pre-approved suppliers for replacement. Our restaurant staff will report to our procurement and operation manager in respect of the goods returned and reasons therefor.

Preparation of dough and certain bakery products which are then delivered to our restaurants

Similar to our bakery operations, our central kitchen also provides dough and certain bakery products to our Western fast casual dining restaurants. (For details of the preparation and delivery of dough and certain bakery products to our Western fast casual dining restaurants, see sub-sections headed “Operation process for our bakery outlets” above and “Central kitchen” below.)

Processing and preparation of food, and serving to our customers at restaurants

In general, our customers choose their food from our restaurant menus which are designed by our executive Directors and chef in-charge. They then make the orders, pay for their orders at the cashiers before the food is sent to their tables, and the ordered food will be prepared. In our Western fast casual dining restaurants, our customers can select bakery products from the shelves, and pay at the cashiers. As a fast casual dining restaurant, we do not offer full table service. For our Yuba Hut (White Sands) restaurant, we adopt a technology-enabled new miniature “bullet train” rail system delivery concept. Our customers order food using a digital tablet placed at each table which provides customers access to our full food menu. Once a customer order is received, our restaurant chef prepares and cooks the food according to our standard restaurant operation guide and uses ingredients on a first-in-first-out basis to ensure freshness of the food prepared. On-demand orders are then delivered directly from our kitchen to our customers’ table via a miniature “bullet train” rail system beside each table. Our food is also available for takeaway through third-party online delivery services platforms which provide delivery services to addresses designated by the customers who make online orders from our restaurant menus via their delivery service platforms.

CENTRAL KITCHEN

Our central kitchen is core to our operations and where we centralise our in-house preparation of (i) dough for onward production; and (ii) certain bakery products (including ready-made cakes and loaves) to be sold at our bakery outlets, “*Laura*” restaurant and “*Proofer*” restaurant. Since the dough is produced at the same place, using the same equipment, the use of our central kitchen guarantees a consistent taste and quality of our bakery products sold across our retail network. Our central kitchen increases our efficiency as we are able to centralise our production process and delivery options, while our bakery

BUSINESS

and restaurant staff can focus on the outlet operation. In addition, we believe this arrangement helps to save on staff costs due to the centralised production process at our central kitchen compared to hiring a baker at each outlet to prepare the dough, and reduces our purchase costs of raw materials and consumables as we can buy in bulk and store the unused items at our central kitchen.

Production facilities

Our central kitchen is located in the South East district of Singapore occupying approximately 2,250 sq. ft.

Set forth below is the annual production capacity and the utilisation rate of our central kitchen for the periods indicated:

(Figures rounded to the nearest thousand)

FY2018			FY2019		
Estimated capacity ⁽¹⁾	Actual production	Utilisation rate ⁽²⁾	Estimated capacity	Actual production	Approximate Utilisation rate ⁽²⁾
'000	'000	%	'000	'000	%
4,000	3,510	87.8	8,088	7,553	93.4
Four months ended 31 October, 2018			Four months ended 31 October, 2019		
Estimated capacity	Actual production	Utilisation rate ⁽²⁾	Estimated capacity	Actual production	Approximate Utilisation rate ⁽²⁾
'000	'000	%	'000	'000	%
1,348	1,201	89.1	2,726	2,544	93.3

Notes:

- For illustrative purpose only, the estimated production capacity is measured in terms of the estimated quantity of bakery products produced per hour multiplied by estimated working hours (that is, eight hours per day at our central kitchen) in optimal conditions and assuming 365 work days per year. Thus the above computation only illustrates the estimated capacity of our production facilities operating in optimal conditions.
- Utilisation rate is calculated by dividing the actual production of a year by the estimated capacity for that year/period.

Our utilisation rate may be affected by (i) changes in demand for the food products offered at our bakery outlets, “*Laura*” and “*Proofer*” restaurants; (ii) improvement in the efficiency of our production process; (iii) procurement of new equipment; and (iv) internal reallocation of production process. Our central kitchen’s utilisation rate increased from approximately 87.8% for 2018 financial year to 93.4% for 2019 financial year, and from approximately 89.1% for the four months ended 31 October, 2018 to 93.3% for the

corresponding period in 2019. Such increase in utilisation rate was in line with the increase in revenue and expansion of our bakery outlet and restaurant network during the relevant year or period.

INVENTORY MANAGEMENT

Our procurement and operation manager oversees the inventory management in relation to the operation of our central kitchen, bakery outlets and restaurants. In general, our management negotiates the broad terms of our purchases with our panel of pre-approved suppliers. The production head of our central kitchen, chef in-charge, baker in-charge and shop in-charge of each of our bakery outlets and restaurants communicate regularly with our procurement and operation manager the inventory level of ingredients and raw materials at each location. Our staff mentioned above are allowed to directly place orders for making purchases for our bakery outlets or restaurants if the purchase amount is less than S\$1,000, and are required to seek prior approval from our procurement and operation manager in respect of purchases valued over S\$1,000.

As described above, the dough used and certain bakery products sold at our bakery outlets, “*Laura*” and “*Proofer*” restaurants are first processed at our central kitchen before delivery. The dough is normally produced and consumed on the even day or the day after to ensure its freshness. The shelf life of our raw materials vary ranging from two days to one week being for perishables, two weeks to six months for dry ingredients, and up to four days for bakery products. Our outlet staff check the shelf life of the bakery products on a daily basis. If any bakery product or raw material is found to have expired, it is required to be removed from the shelf and be discarded. During the Track Record Period, we had not made any provision for or write-off of raw material and, or bakery products.

Other raw materials are delivered directly to our bakery outlets and restaurants for onward handling. We believe that such arrangement maximises the quality and consistency of our finished food product as we have direct control over the quality of our finished food product while maintaining a steady supply of fresh dough and certain bakery products according to the needs of our bakery outlets and restaurants.

When the supplies are delivered, our chef in-charge, baker in-charge and shop-in charge at each of our bakery outlets and restaurants, and production head of our central kitchen will check the quantity, integrity of the package, conditions of frozen goods and fresh produce, appearance and smell of the raw materials, and their expiry dates before the same are accepted. If there is any discrepancy in quality, the delivery will not be accepted and the relevant suppliers will be asked to re-deliver the replacement goods within a specified time frame. If the suppliers fail to do so, they will bear the costs for procuring similar items from another supplier. As the ingredients and raw materials which we use are basic food items, we can easily seek alternative suppliers without causing material disruptions to our supply chain.

FOOD SAFETY AND QUALITY CONTROL

Food safety and quality assurance are essential to our success and we have established food safety and hygiene procedures throughout our entire food production chain, starting from procurement of raw materials to delivery to our customers. We have taken various additional steps to mitigate food quality and safety risks as described more fully below. Our food handlers, such as bakers and chefs, have received and completed the training and assessment of the “Basic Food Hygiene Course” organised by training providers which are accredited by SSG in accordance with the regulations of the SFA. All of our staff who handle and prepare food at our bakery outlets and restaurants are required to attend and complete the Basic Food Hygiene Course in accordance with the regulations of the SFA. The Basic Food Hygiene Course accreditation is effective for a five-year period. Subsequent renewals of the accreditation are effective for a ten-year period. (See section headed “REGULATORY OVERVIEW — Overview of the laws and regulations of Singapore — Laws and regulations relating to our business operations — The Environmental Public Health Act (Chapter 95) of the Statutes of the Republic of Singapore” in this prospectus for further details.)

Food preparation

We strive to provide our customers with a wide range of high quality and freshly prepared food and maintain high standards of cleanliness and hygiene at our central kitchen and kitchens at our bakery outlets and restaurants. Stringent policies are in place and trainings are provided to our chefs, bakers, kitchen assistants and front crew to ensure that they maintain a hygienic and safe working environment and adhere to our menus and standardised recipes.

Sourcing of raw materials

We consider food safety and quality assurance when selecting our suppliers. As described in the sub-section headed “Suppliers and raw materials — Suppliers” above, we maintain a panel of over 20 suppliers of food ingredients pre-approved by our management to ensure a stable and reliable supply of quality ingredients for meeting our production and sales plans, and all purchases and settlements are authorised by appropriate personnel. Our bakers and chefs of our bakery outlets and restaurants provide their advice to our management on the selection of food ingredients and the performance of our pre-approved suppliers.

Inspection of raw materials and consumables purchased

The quality of all ingredients and raw materials purchased are duly inspected and checked by the relevant staff against the orders prior to acceptance. Substandard items will be returned to the relevant supplier for replacement and our procurement and operation manager will be informed accordingly. We have established procurement and payables management policy regarding inspection, acceptance and returning procedures of delivered raw materials and consumables which apply to our central kitchen and each of our bakery outlets and our restaurants. (See sub-sections headed “Operation process for our bakery outlets — Delivery of raw materials and consumables to our central kitchen and our bakery

outlets”, “Operation process for our fast casual dining restaurants — Delivery of raw materials and consumables to our central kitchen and restaurants” and “Inventory management” above for further details.)

Storage of food ingredients

Our food ingredients are properly recorded and stored at our central kitchen, bakery outlets and restaurants in accordance with our inventory and management policy. To minimise the risk of foodborne illness, we have implemented standard quality control procedures for managing food safety and quality for dairy products, raw fish and other food which require time and temperature control for safety. As an example, milk, cream, cheese and raw fish are stored in refrigerators, and other foods are organised on shelves at our bakery outlets and restaurants. Our staff are required to use our raw materials on a first-in-first-out basis and before their expiry dates to ensure their freshness. A stocktake is conducted periodically at our central kitchen, bakery outlets and restaurants and any ingredients found to have expired will be disposed of in accordance with our inventory and management policy. Our central kitchen, bakery outlets and restaurants undergo routine hygiene and safety inspections by our quality control and operation manager.

Baking and cooking

Our standardised recipes for our dough, bakery products and dishes served at our restaurants are periodically reviewed and updated to ensure that our food products cater for the evolving preferences of our customers. Our bakers and restaurant chefs are required to strictly follow these recipes during their preparation, baking or cooking work to ensure consistency of our finished food products. Our bakers in-charge regularly inspect the quality of dough and certain bakery products prepared at our central kitchen and the bakery products offered at our bakery outlets, while our chefs in-charge regularly inspect the dishes and conditions of individual kitchens. All of our incumbent bakers, chefs and other food handlers receive and complete the relevant training course on food handling in accordance with SFA regulations upon hiring, and report for duties afterwards.

Dining environment of our restaurants

We have implemented a quality standard control checklist for the maintenance of food safety and hygiene standards at our restaurants. During the Track Record Period, some of our restaurants had received a Grade A certificate issued by the SFA recognising our excellence in cleanliness and food hygiene. The SFA grading scheme focuses on three areas, namely housekeeping, food hygiene and personal hygiene and takes into account other factors such as food quality, food transportation and training of food handlers.

Internal inspection

Our management carries out random inspection to check whether our food safety and quality procedures and standards are strictly adhered to throughout each step of the food preparation process at our central kitchen, bakery outlets and restaurants.

BUSINESS

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 165 employees. All of our employees are stationed in Singapore and they are not unionised. The following table shows a breakdown of our full-time and part-time employees by functions as at 30 June, 2018, 30 June, 2019 and the Latest Practicable Date:

	Number of employees as at					
	30 June, 2018		30 June, 2019		Latest Practicable Date	
	<i>Full-time</i>	<i>Part-time</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Full-time</i>	<i>Part-time</i>
General administrative staff						
Directors and management <i>(Note 1)</i>	4	—	5	—	5	—
Accounts, finance and administration	2	—	6	—	3	0
Sales and marketing	—	—	2	—	1	0
Bakery/dining operation staff						
Shop in-charge	5	—	5	—	5	0
Production head, baker in-charge and chef in-charge	3	—	2	—	5	0
Bakers and chefs	46	—	51	—	38	0
Floor staff, front crew and other helpers	25	36	27	66	39	69
Total	85	36	98	66	96	69

Note:

- Directors and management excludes independent non-executive Directors.

Dependency ratio ceilings

As discussed in the section headed “REGULATORY OVERVIEW — Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore” in this prospectus, the policies of MOM in connection to a quota (or DRC) based on the ratio of local to foreign workers as well as the payment of the applicable levies are applicable to our Group. The levy rates are tiered so that those who hire close to the maximum quota will pay a higher levy. As at the Latest Practicable Date, we had a total of 165 employees, of which 93 were Singaporean citizens or permanent residents, and 72 were foreigners.

BUSINESS

Based on our employment records as at the Latest Practicable Date, we are within the applicable foreign worker quota provided by MOM as shown below:

Name of Entity	Number of existing full-time local employees	Actual number of S Pass Holders employed	Actual number of Work Permit Holders employed	Number of additional Work Permit/ S Pass Holders allowed	Utilisation of quota allowed by MOM (%)
Anita Bakery	5	1	2	0	100.0
Aris Gourmet	5	0	1	2	33.3
Laura Baguette	9	1	4	0	100.0
Proofer Boulangerie	13	2	5	0	100.0
Proofer (Tanjong Pagar)	0	0	0	0	—
Yuba Hut	10	2	4	0	100.0
Yuba Hut (Hillion)	10	2	4	0	100.0
Yuba Hut (Northpoint)	2	0	1	0	100.0
Yuba Hut (POIZ)	8	0	4	0	100.0
300 BC Bakery	10	2	4	0	100.0
Proofer Bakery (services sector)	28	5	12	0	100.0
Proofer Bakery (manufacturing sector)	11	2	13	1	93.8
Laura Cafe	7	0	3	1	75.0

Note: Some of our Group companies adopt a dual employment arrangement for certain local employees for the purpose of maximising the quota under the dependency ceiling ratio set out by MOM. Please refer to the section headed “REGULATORY OVERVIEW — Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore” for details.

See section headed “REGULATORY OVERVIEW — Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore” in this prospectus for the advice provided by our Singapore Legal Advisers in relation to the employment of foreign workers at our bakery outlets and restaurants in Singapore.

Employee relations

Our Directors believe that we have good working relationships with our employees. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant employee turnover, nor was there any incidence of strikes, work stoppages or significant labour disputes which significantly affected our operations.

Staff training and development

We believe that our employees are the most valuable asset as they contribute to the continuing success and viability of our Group. Accordingly, we place great emphasis on training of our employees to equip them with requisite skills and knowledge for ensuring our services and products quality. All new staff are required to undergo our in-house training programmes to familiarise themselves with our rules and regulations, as well as our policies and standard operating procedure. We implement stringent policies on food handling, safety and hygiene procedures to ensure food quality and safety throughout every step of the food preparation process.

In addition, we provide on-the-job training for our employees covering different aspects based on their operational responsibilities, including cash management policy and procedure, cleanliness and sanitation of services areas, and standardised training for our bakers and chefs to ensure consistent flavour, taste, quality and presentation of the food served at all of our restaurants. All of our staff who handle and prepare food at our bakery outlets and restaurants are required to attend and complete the Basic Food Hygiene Course in accordance with the regulations of the SFA. The Basic Food Hygiene Course accreditation is effective for a five-year period. Subsequent renewals of the accreditation are effective for a ten-year period. (See section headed “REGULATORY OVERVIEW — Overview of the laws and regulations of Singapore — Laws and regulations relating to our business operations — The Environmental Public Health Act (Chapter 95) of the Statutes of the Republic of Singapore” in this prospectus for further details.)

Recruitment

We mainly recruit our staff through referrals, walk-in interviews and online job portals. We also recruit foreign employees from Malaysia, Vietnam and the PRC. Such foreign employees are required to ensure that their employment terms do not exceed the permitted limit under the relevant laws and regulations in Singapore. (See section headed “REGULATORY OVERVIEW — Laws and regulations relating to employment and labour protection — Employment of Foreign Manpower Act (Chapter 91A) of the Statutes of the Republic of Singapore” in this prospectus for details of the relevant laws and regulations applicable to the employment of foreign employees in Singapore.)

Our staff in head office are usually recruited through online job portals. Potential candidates are required to go through interviews by our management. Currently, each of our bakery outlets and restaurants is allocated a specific number of headcounts, and therefore no further approval by our management is required should the new hires fall within the allocated headcounts for our bakery outlets and restaurants. Potential candidates for

BUSINESS

management role are required to go through interviews by our management. Potential candidates below managerial level are interviewed and employed by the respective shop in-charge of our bakery outlets and restaurants. However, our management determines the terms of employment of both senior and junior staff in accordance with the employment terms set by our Group.

During the festive periods such as Christmas, customer traffic at our bakery outlets and restaurants may be higher than usual, and accordingly we would be required to hire additional part-time staff to meet the increased flow of customers for maintaining our services standards. We may also face staff shortages wherever our staff fall ill. As the number of additional staff required at each of our bakery outlets and restaurants is hard to predict, our Group has adopted the approach of hiring part-time staff on an as needed basis.

Our Directors confirm that that, during the Track Record Period and up to the Latest Practicable Date, we did not experience any significant difficulty in recruiting new employees which affected our normal operations.

Staff retention, award and encouragement

Recruitment in Singapore's food and beverage services is highly competitive, especially with respect to chefs and bakers. Our business is service-oriented and therefore we believe that our success is, to some extent, dependent on our ability to attract, motivate and retain sufficient numbers of qualified employees.

The MOM prescribes minimum wages for some of the workers (that is, S Class work passes) in Singapore. Accordingly, we determine and pay our employees according to (i) the market demand and supply of labour; (ii) their skill set, capabilities and competencies; and (iii) the relevant laws and regulations.

CPF contributions

According to the CPF Act, we are required to make monthly contributions to the CPF for every employee who is either a citizen or permanent resident of Singapore based on the contribution rates prescribed under the CPF Act. During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the sub-section headed "Non-compliance matters" below, we did not have any material non-compliance with the requirements for contributions under the CPF Act.

HEALTH AND WORK SAFETY

We strive to create and ensure a safe working environment for our employees. Workplace safety guidance have been implemented for our employees which state the workplace hazards and their preventions for promotion of on-site work safety. We also put up notices in each of our bakery outlets and restaurants to remind our staff of our internal workplace safety procedures and guidelines.

BUSINESS

In addition, as required under the WICA to take out and compulsory insurance policies in Singapore to provide for liability under claims by our employees in respect of workplace injuries and accidents, we maintain insurance policies in respect of work injury compensation for our employees and hospitalisation for our foreign employees. (See sub-section headed “Insurance” above for further details.)

During the Track Record Period, we did not face any material claims for personal injuries or other significant incidents in relation to work safety. (See section headed “REGULATORY OVERVIEW” in this prospectus for further details of the relevant laws and regulations in Singapore relating to workplace health and safety.)

In response to the outbreak of Coronavirus and to restore our customers’ confidence, we have put in place the following hygiene and safety related measures:

- a. surgical masks and gloves are provided to our staff who are required to wear them at all times at work;
- b. hand sanitisers are made available to all staff and customers at all of our bakery outlets and restaurants;
- c. mandatory body temperature check on all staff is implemented before entry to all of our premises; and
- d. increase frequency of cleaning of areas with high human contact such as countertops used in serving customers and common spaces.

ENVIRONMENTAL MATTERS

Our operations are subject to relevant environmental laws and regulations in Singapore. (See section headed “REGULATORY OVERVIEW” in this prospectus for further details.) We had not come across any material non-compliance issues in respect of any applicable environmental laws and regulations during the Track Record Period and up to the Latest Practicable Date.

INTELLECTUAL PROPERTY RIGHTS

We place emphasis on our brand building and have registered our trademarks to protect our retail bakery and restaurant operations. As at the Latest Practicable Date, we registered five trademarks in Singapore and five trademarks in Hong Kong. In addition, we are the registrant of one domain name in Singapore. (See section headed “STATUTORY AND GENERAL INFORMATION — Further information about our business — 2. Intellectual property rights of our Group” in Appendix IV to this prospectus for further details of our intellectual property rights.) Save as aforesaid, there are no other trade or service marks, patents, copyright, other intellectual property rights which are material in relation to our business.

BUSINESS

As at the Latest Practicable Date, we were not aware of any:

- i. infringement by us of any intellectual property rights owned by third parties;
- ii. infringement by any third parties of any intellectual property rights owned by our Group;
- iii. pending or threatened claims against our Group in relation to the infringement of any intellectual property rights of third parties; and
- iv. material damages suffered during the Track Record Period as a result of other bakery outlets and restaurants holding themselves as part of our Group by using the same or similar names to those of our bakery outlets and restaurants.

COMPETITION

As stated in the Euromonitor Report, large-scale bakery retailers have advantages on operational flexibilities. As the trend of consumers focuses more on quality, freshness and innovative product offering, small-scale bakery retailers often do not have the capacity to keep up with such consumer trend. Therefore, small-scale bakery retailers have been squeezed out of the market while bakery chain players increase their market concentration. In general, the artisanal bakery chain market in Singapore is consolidated with a few sizeable operators accounting for a considerable proportion of the market. The top five largest artisanal bakery chain retailers in terms of revenue contributed approximately 70.2% of the total revenue of the artisanal bakery retail market in Singapore in the calendar year of 2018.

The Japanese fast casual dining industry in Singapore is fragmented with several chained restaurants and new entrants offering short special menus and dining concepts. Similarly, the Western fast casual dining industry in Singapore has become more fragmented and highly competitive with entrants of new players that typically focus on two to three outlets. In 2018, the top five largest (in terms of revenue) Western fast casual dining operators together contributed more than 35% of the total sales of the fast casual dining industry in Singapore.

We face competition from a variety of local bakery chain and fast casual Japanese and Western restaurants in Singapore. We believe we compete primarily based on product quality, dining experience particularly by way of our miniature “bullet train” serviced Japanese restaurant, location, convenience, brands and price. Our competition may continue to intensify as competitors increase their product offerings and open new bakery outlets and restaurants in Singapore. (See sub-section headed “Our competitive strengths” above in this section for details of our competitive strengths, and the section headed “INDUSTRY OVERVIEW” in this prospectus for further details on the industry in which we operate.)

BUSINESS

INFORMATION TECHNOLOGY

Our information technology system plays an important role in our operation. We adopt a PoS system at each of our bakery outlets and restaurants for the recording of our daily sales and performing reconciliation between daily closing report and cash held at our bakery outlets and restaurants. (See sub-section headed “Customer settlement and cash management — Cash and cash management” above for further details of our PoS system.)

AWARD

The table below shows the award obtained by our Group during the Track Record Period and up to the Latest Practicable Date:

Year of award	Award	Awarded brand	Description	Awarding body
2019	Singapore Prestige Brand Award (Winner)	“Proofer” (bakery outlet)	An annual award established in 2002 which recognises and honours Singapore brands that have been developed and managed effectively through various branding initiatives and is deemed an esteemed mark of success and yardstick for SMEs to benchmark their brand equity against their competitors	The Association of Small & Medium Enterprises (ASME) and Lianhe Zaobao (聯合早報)

INSURANCE

As at the Latest Practicable Date, we maintain a number of key insurance policies that we believe are commercially appropriate and in line with the industry practice to cover risks associated with our business operations, including:

- (i) employees’ and foreign employees’ medical insurance;
- (ii) employee compensation for work injuries;
- (iii) public liability; and
- (iv) all-risks;

BUSINESS

which, to the best knowledge and belief of our Directors, are adequate to insure such losses and for our current operations in all material aspects. (See section headed “RISK FACTORS — Risks relating to our business — Coverage by our existing insurance policies may not be full” in this prospectus for details of risk factors relating to our insurance policies.)

During the Track Record Period and up to the Latest Practicable Date, we had not made or received any material claims on any of our insurance policies.

LICENCES AND APPROVALS

As all our business activities are located in Singapore, we are subject to the applicable laws and regulations in Singapore. We are required to obtain various licences for our business operations under the relevant laws and regulations. We will apply to renew the relevant licences as and when applicable. We have designated our administration department to keep track of the expiry dates and renewal of all the licences in respect of our operations. The renewal of application generally takes three to four weeks from the preparation of documents to obtaining the approval. Our Directors believe, and as advised by our Singapore Legal Advisers, that we are eligible to meet the renewal requirements and we do not presently foresee any other legal impediments in renewing these licences, approvals and, or permits when due. Shown below is a summary of the licences and certificates material to our bakery outlets and restaurants in Singapore which we held as at the Latest Practicable Date:

Types of licence	Bakery outlets/fast casual dining restaurants involved	Licence numbers	Issue date	Licence holder	Expiry date
Grading scheme for licensed eating establishments and food stalls	Proofer (Changi City Point)	SE11A95P000 Excellence in Cleanliness & Food Hygiene — Grade A	7 January, 2019	Anita Chia Hee Mei	16 December, 2019 ⁽⁵⁾
	Yuba Hut (Northpoint City)	NW17672N000 Excellence in Cleanliness & Food Hygiene — Grade A	27 November, 2018	Yuba Hut	25 December, 2019 ⁽⁵⁾
	Proofer (Chinatown Point)	CE13526B000 Excellence in Cleanliness & Food Hygiene — Grade A	28 November, 2018	Anita Bakery	10 February, 2020 ⁽⁵⁾

BUSINESS

Types of licence	Bakery outlets/fast casual dining restaurants involved	Licence numbers	Issue date	Licence holder	Expiry date
Licence to operate foodshop (Bakery)	Proofer (Seletar Mall)	CE14N66B000	N/A ⁽²⁾	Proofer Boulangerie	27 November, 2020
	Proofer (Northpoint City)	NW17671P000	N/A ⁽²⁾	Proofer Boulangerie	25 December, 2020
	300 BC (Pioneer MRT)	SW09796X000	N/A ⁽²⁾	300 BC Bakery	7 January, 2021
	Proofer (Sun Plaza)	NW14613P000	N/A ⁽²⁾	Anita Bakery	14 January, 2021
	Proofer (White Sands)	NE18A51C000	N/A ⁽²⁾	Proofer Bakery	19 January, 2021
	Proofer (POIZ Centre)	CE19356V000	N/A ⁽²⁾	Proofer Pizzeria	22 March, 2021
	300 BC (Century Square)	NE18447K000	N/A ⁽²⁾	300 BC Bakery	27 June, 2020
	Proofer (Tampines Mall)	S02097E000	N/A ⁽²⁾	Proofer Bakery	17 July, 2020
	Proofer (Compass One)	NE05097C000	N/A ⁽²⁾	Proofer Bakery	12 August, 2020
	300 BC (Simei MRT)	SE06185A000	N/A ⁽²⁾	300 BC Bakery	12 August, 2020
	Proofer (Heartland Mall)	NE16156V000	N/A ⁽²⁾	Proofer Bakery	20 August, 2020
	Proofer (Hillion Mall)	NW17039J000	N/A ⁽²⁾	Proofer Bakery	20 August, 2020
	Proofer (Tanjong Pagar Centre)	CE16H49B000	N/A ⁽²⁾	Proofer Bakery	20 August, 2020
	Proofer (Oasis Terraces)	NE18234K000	N/A ⁽²⁾	Aris Gourmet	26 September, 2020
	Proofer (Tampines 1)	NE14350N000	N/A ⁽²⁾	Proofer Bakery	10 October, 2020
Proofer (AMK Hub)	CE18P70K000	N/A ⁽²⁾	Proofer Bakery	06 November, 2020	

BUSINESS

Types of licence	Bakery outlets/fast casual dining restaurants involved	Licence numbers	Issue date	Licence holder	Expiry date
Licence to operate foodshop (Takeaway)	Proofer (Changi City Point)	SE11A95P000	N/A ⁽²⁾	Proofer Bakery	28 November, 2020
	Proofer (Chinatown Point)	CE13526B000	N/A ⁽²⁾	Anita Bakery	17 February, 2021
	Proofer (Waterway Point)	NE16031A000	N/A ⁽²⁾	Aris Gourmet	10 March, 2021
	Yuba Hut (Junction 8)	CE15481A000	N/A ⁽²⁾	Yuba Hut (Hillion)	12 June, 2020
Licence to operate foodshop (Restaurant)	Yuba Hut (White Sands)	NE15579L000	N/A ⁽²⁾	Yuba Hut (POIZ)	2 January, 2021
	Yuba Hut (Northpoint City)	NW17672N000	N/A ⁽²⁾	Yuba Hut	25 February, 2021
	Yuba Hut (POIZ Centre)	CE19358P000	N/A ⁽²⁾	Yuba Hut (POIZ)	17 March, 2021
	Yuba Hut (Heartland Mall)	NE17288L000	N/A ⁽²⁾	Yuba Hut (Northpoint)	12 June, 2020
	Laura (Century Square)	NE18267N000	N/A ⁽²⁾	Laura Baguette	12 June, 2020
Licence to operate foodshop (Snack bar)	Proofer (United Square)	CE06B96L000	N/A ⁽²⁾	Proofer Bakery	15 July, 2020
Licence to operate a food establishment	Central kitchen	PL18G0117 — Grade D	N/A ⁽²⁾	Proofer Bakery	31 July, 2020

BUSINESS

Types of licence	Bakery outlets/fast casual dining restaurants involved	Approved plan numbers⁽¹⁾/ MAA acceptance letter reference	Issue date	Licence holder	Expiry date
Fire safety certificate	Laura (Century Square)	CBP/A05923/18 CFP/A05923/18	24 July, 2018	Laura Baguette	N/A
	Proofer (Tampines Mall)	CFP/A07334/18 CBP/A07334/18	31 August, 2018	Proofer Bakery	N/A
	300 BC (Simei MRT)	CBP/A07443/18	23 October, 2018	300 BC Bakery	N/A
	Proofer (Oasis Terraces)	CFP/A09334/18 CBP/A09334/18	29 October, 2018	Aris Gourmet	N/A
	Proofer (Northpoint City)	CFP/A00944/18 CBP/A00944/18	10 December, 2018	Proofer Boulangerie	N/A
	Yuba Hut (Northpoint City)	CBP/A00895/18 CMV/A00895/18 CFP/A00895/1801 CFP/A00895/18	14 December, 2018	Yuba Hut	N/A
	300 BC (Pioneer MRT)	CFP/N12466/18	13 January, 2019	300 BC Bakery	N/A
	Yuba Hut (White Sands)	CFP/A00529/19 CBP/A00529/19	30 January, 2019	Yuba Hut (POIZ)	N/A
	Proofer (POIZ Centre)	CBP/A03308/19 CFP/A03308/19	8 May, 2019	Proofer Boulangerie	N/A
	300 BC (Century Square)	MAA/A02476/19	4 October, 2019	300 BC Bakery	N/A
	Proofer (Hillion Mall)	CFP/A11020/19	11 October, 2019	Proofer Bakery	N/A
	Proofer (White Sands)	CFP/A10488/19	15 October, 2019	Proofer Bakery	N/A
	Proofer (Changi City Point)	CFP/A12411/19	17 January 2020	Proofer Bakery	N/A
	Proofer (United Square)	CFP/A12252/19	13 January, 2020	Proofer Bakery	N/A

BUSINESS

Notes:

1. Approved plan number is applicable to fire safety certificates only.
2. No issue date is stated on the Food Shop Licence and grading certificates issued by the NEA.
3. There is no expiry date for the fire safety certificate.
4. As advised by our Singapore Legal Advisers, we are not required to obtain electrical installation licence and certificate of fitness for gas installation for our bakery outlets, restaurants and central kitchen.
5. In relation to the Grading System for Eating Establishments administered by the SFA, the assessment of hygiene standards of food retail outlets is conducted independently under SFA's regular inspection regime. Inspection of food retail outlets is based on SFA's initiative and is at its discretion. As at the Latest Practicable Date, our Group has not been informed of any forthcoming inspection by the SFA in respect of our Proofer (Changi City Point), Yuba Hut (Northpoint) and Proofer (Chinatown Point) outlets under the Grading System for Eating Establishments.

Having made all reasonable enquires and to the best of our Directors' knowledge, our Directors confirm that save as disclosed in the section headed "REGULATORY OVERVIEW" in this prospectus and the sub-section headed "Non-compliance matters" below, our Group has complied with all material applicable laws and regulations in Singapore including the obtaining of all necessary licences and certificates for our business during the Track Record Period and up to the Latest Practicable Date.

OUR PROPERTY INTERESTS

Owned properties

During the Track Record Period and as at the Latest Practicable Date, we did not own any properties.

Leased properties

As at the Latest Practicable Date, we leased a total of 28 properties in Singapore from Independent Third Parties of which one is used as our office, seven are used as our restaurants, 19 are used as our bakery outlets and one is used as our central kitchen. Our cost of leasing amounted to approximately S\$2.9 million, S\$5.2 million, S\$1.5 million and S\$1.9 million for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively, representing approximately 30.2%, 31.7%, 36.2% and 34.7% of our revenue for the corresponding periods, respectively.

BUSINESS

Set forth below are the details of the properties leased and occupied by our Group in Singapore as at the Latest Practicable Date:

No.	Use of properties	Address	Area (sq. ft.)	Lessee	Expiry date of lease	Renewal option of lease
1	Proofer (Hillion Mall) ⁽¹⁾	17 Petir Road #B2-45/46, Hillion Mall, Singapore 678278	862	Proofer Bakery (novated from Proofer Boulangerie on 1 February, 2019)	23 February, 2023 ⁽²⁾	Not applicable ⁽³⁾
2	Proofer (Heartland Mall) ⁽¹⁾	205 Hougang Street 21 #01-133/ 135, Heartland Mall — Kovan, Singapore 530205	420	Proofer Bakery (novated from Proofer (Tanjong Pagar) on 14 November, 2016)	28 March, 2022	3 years
3	Proofer (Changi City Point) ⁽¹⁾	5 Changi Business Park Central 1 #B1-39, Changi City Point, Singapore 486038	161	Proofer Bakery (novated from Proofer Bakery & Pizzeria on 1 July, 2018)	17 June, 2020	3 years
4	Proofer (Tampines 1)	10 Tampines Central 1 #B1-30, Tampines 1, Singapore 529536	689	Proofer Bakery	28 August, 2020	Not applicable ⁽³⁾
5	Proofer (Seletar Mall)	33 Sengkang West Avenue #01-37/38, The Seletar Mall, Singapore 797653	506	Proofer Boulangerie	30 November, 2020	Not applicable ⁽²⁾
6	Proofer (Sun Plaza)	30 Sembawang Drive #B1-30, Sun Plaza, Singapore 757713	323	Anita Bakery	18 December, 2020	3 years
7	Proofer (Oasis Terraces)	681 Punggol Drive #02-07/08, Singapore 820681	507	Aris Gourmet	31 March, 2021	3 years
8	Proofer (Tampines Mall)	4 Tampines Central 5 #B1-K7 Tampines Mall, Singapore 529510	560	Proofer Bakery	17 July, 2021	3 years
9	Proofer (AMK Hub)	53 Ang Mo Kio Avenue 3 #B2-44, AMK Hub, Singapore 569933	193	Proofer Bakery	05 November, 2021	3 years

BUSINESS

No.	Use of properties	Address	Area (sq. ft.)	Lessee	Expiry date of lease	Renewal option of lease
10	Proofer (White Sands)	1 Pasir Ris Central Street 3 #B1-12, Singapore 518457	313	Proofer Bakery	19 January, 2022	3 years
11	Proofer (Chinatown Point)	133 New Bridge Road #B1-43, Chinatown Point, Singapore 059413	344	Anita Bakery	27 January, 2022	NIL
12	Proofer (POIZ Centre)	51 Upper Serangoon Road #01-03, The POIZ Centre, Singapore 347697	710	Proofer Pizzeria	14 March, 2022	3 years
13	Proofer (Compass One) ⁽¹⁾	1 Seng Kang Square #01-04, Compass One, Singapore 545078	538	Proofer Bakery (novated from Proofer Boulangerie on 1 March, 2017)	31 August, 2022	Not applicable ⁽²⁾
14	Proofer (Tanjong Pagar Centre) ⁽¹⁾	7 Wallich Street #B2-02, Tanjong Pagar Centre, Singapore 078884	388	Proofer Bakery (novated from Proofer (Tanjong Pagar) on 10 November, 2018)	31 October, 2022	3 years
15	Proofer (Northpoint City)	1 Northpoint Drive #B2-07/08, Northpoint City, Singapore 768019	474	Proofer Boulangerie	27 December, 2022	3 years
16	Proofer (Waterway Point)	83 Punggol Central #B1-K13, Waterway Point, Singapore 828761	365	Aris Gourmet	11 March, 2022	2 years
17	300 BC (Century Square)	2 Tampines Central 5 #B1-22, Century Square Singapore 529509	518	300 BC Bakery	28 June, 2020	2 years
18	300 BC (Simei MRT)	30 Simei Street 3 #01-03, Simei MRT Station, Singapore 529888	386	300 BC Bakery	12 August, 2021	NIL
19	300 BC (Pioneer MRT)	31 Jurong West Street 63 #02-02, Pioneer MRT Station, Singapore 648310	436	300 BC Bakery	06 November, 2021	NIL

BUSINESS

No.	Use of properties	Address	Area (sq. ft.)	Lessee	Expiry date of lease	Renewal option of lease
20	Yuba Hut (Junction 8)	9 Bishan Place #B1-K15, Junction 8 Shopping Centre, Singapore 579837	135	Yuba Hut (Hillion)	21 May, 2021	NIL
21	Yuba Hut (Heartland Mall)	205 Hougang Street 21 #01-19/ 20, #01-25/26, Heartland Mall — Kovan, Singapore 530205	388	Yuba Hut (Northpoint)	06 June, 2020	3 years
22	Yuba Hut (Northpoint City)	1 Northpoint Drive #B1-186, Northpoint City, Singapore 768019	700	Yuba Hut	27 December, 2020	3 years
23	Yuba Hut (White Sands)	1 Pasir Ris Central Street 3 #01-26/ 27, Singapore 518457	840	Yuba Hut (POIZ)	09 December, 2021	3 years
24	Yuba Hut (POIZ Centre)	51 Upper Serangoon Road #01-09, The POIZ Centre, Singapore 347697	549	Yuba Hut (POIZ)	14 March, 2022	3 years
25	Laura (Century Square)	2 Tampines Central 5 #01-01/ 02, Century Square, Singapore 529509	1,008	Laura Baguette	05 June, 2021	3 years
26	Proofer (United Square)	101 Thomson Road #01-K8, United Square, Singapore 307591	576	Proofer Bakery	19 July, 2021	3 years
27	Central kitchen	171 Kampong Ampat #06-12 KA Foodlink, Singapore 368330	2,250	Proofer Bakery	14 May, 2021	3 years
28	Office	120 Lower Delta Road #12-06, Cendex Centre S169208	1,098	Proofer Bakery	31 October, 2020	Not applicable ⁽³⁾

BUSINESS

Notes:

1. During the Track Record Period, there were five lease agreements in respect of our bakery outlets that were novated among our Group companies. As part of our internal group restructuring in late 2016, we transferred five “Proofer” brand bakery outlets (which generated significant revenue) to Proofer Bakery which then took over the five lease agreements in respect of the five “Proofer” bakery outlets. The landlords had consented and the arrangement was implemented via the novation of the five lease agreements among our Group companies. Upon execution of the novation agreements, the rights and obligations of the assignors had been transferred to Proofer Bakery as the assignee. As the assignee of the novation agreements we did not receive the new Food Shop Licence issued by the SFA in time, the respective assignors and assignee entered into an arrangement whereby the respective assignors have agreed with the assignee that the assignors would continue their obligations to, among other things, operate on the premises beyond the effective date of novation until the assignee’s Food Shop Licences had been obtained. Our Directors confirmed that our Group has duly paid the rent to the respective landlords and having made all reasonable enquires, we have not received any objection from the respective landlords in respect of the abovementioned arrangement entered into between our Group companies. Our Singapore Legal Advisers have advised that the novation of the leases and the abovementioned arrangements are valid and legally binding and do not give rise to any breach of any applicable laws in Singapore. With a view to enhancing our internal control procedures, we have established a written policy for new store openings whereby our procurement and operation manager is responsible for ensuring all relevant permits and licences are obtained prior to the commencement of operations at each new premises.
2. We have accepted a tenancy offer on 27 November, 2019 with the landlord to extend our lease at Hillion Mall for a term of three years.
3. As we have exercised the options to renew the lease for the relevant bakery outlets or restaurants, there is no option to renew available as per the current lease.

During the Track Record Period, we did not encounter any material difficulties in renewing our existing leases in respect of our bakery outlets and restaurants. As at the Latest Practicable Date, our Directors had no intention to terminate any of our existing leases in the near future.

We believe that most of the leased properties occupied by us can, if necessary, be replaced by other comparable alternative premises without any adverse effect on our operations.

The above leased properties are used for non-property activities as defined under Rule 8.01(2) of the GEM Listing Rules. Pursuant to Rule 8.01A of the GEM Listing Rules, this prospectus is exempt from the requirement to include valuation on property interests of non-property activities if the carrying amount of a property interest is less than 15% of our total assets. A similar exemption applies under Section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirement under Section 342(1)(b) of, and paragraph 34(2) of the Third Schedule to, the Companies (Winding Up and Miscellaneous Provisions) Ordinance. As at the Latest Practicable Date, we had no single property interest of non-property activities with a carrying amount of 15% or more of our total assets, and on such basis, we are not required to include in this prospectus any property valuation report.

LEGAL PROCEEDINGS AND CLAIMS

As at the Latest Practicable Date, there were no investigation, litigation or arbitration proceedings or claims of material importance pending or threatened against any member of our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations.

NON-COMPLIANCE MATTERS

Save for the non-compliance incidents disclosed below, our Group has complied in all material respects with the applicable laws and regulations in Singapore during the Track Record Period and up to the Latest Practicable Date.

Our Directors are of the view that: (i) no provision is necessary to be made in respect of the non-compliance incidents set out below; and (ii) these non-compliance incidents, whether individually or collectively, have not caused and will not have a material adverse effect on our business, results of operations and financial condition.

(i) Incident relating to GST

Background

Two of our operating subsidiaries, namely Proofer Boulangerie and Proofer (Tanjong Pagar), did not notify the Inland Revenue Authority of Singapore (the "IRAS") of their GST registration liabilities when the value of their respective taxable supplies from the retail sale of bakery products had exceeded S\$1 million for the 12-month period at the end of the calendar quarter ended 31 March, 2017 (the "GST Incident"). Such non-compliance incidents were mainly due to: (i) the inadvertent oversight of our accounting staff of the relevant Singapore laws and regulations which require the notification of liability to register for GST; (ii) Proofer Boulangerie and Proofer (Tanjong Pagar) were previously exempted from preparing financial statements as their revenue did not meet the audit requirement; and (iii) the revenue of one of the subsidiaries barely exceeded the GST registration threshold of S\$1 million and thus the requirement to register for GST was not apparent. We estimate the aggregate outstanding 7% GST payable on the past retail sales of Proofer Boulangerie and Proofer (Tanjong Pagar) (for the period from 1 June, 2017 to 30 June, 2019) to be approximately S\$213,000. Accordingly, the provision made for the outstanding GST payables and related penalty for Proofer Boulangerie and Proofer (Tanjong Pagar) for 2018 financial year and 2019 financial year was approximately S\$129,000 and S\$91,000, respectively.

Relevant laws and regulations, potential sanctions, penalties and other liabilities

Section 8(1) of the GST Act provides that GST is chargeable on any supply of goods and services made in Singapore if it is a taxable supply made by a taxable person in the course of any business carried on by the person. Under the First Schedule of the GST Act, a person who makes taxable supplies but is not registered is liable to be registered if at the end of any quarter the last day of which is a day before 1

January, 2019, the total value of all his taxable supplies made in Singapore in that quarter and the three quarters immediately preceding that quarter has exceeded S\$1 million.

A supply of goods or services made in Singapore is subject to GST at the prevailing standard rate of 7% unless the supply qualifies for zero-rating (that is, GST at 0%) or exemption under the GST Act. Sales of goods and services that are supplied in Singapore are mostly taxable supplies.

Where any person made an incorrect return or gives any incorrect information without reasonable excuse or through negligence, under Section 59(2) of the GST Act, such person shall be guilty of an offence and shall on conviction: (i) pay a penalty up to double of the amount of tax which has been undercharged in consequence of such incorrect return or information, or which would have been so undercharged if the return or information had been accepted as correct; and (ii) be liable to a fine not exceeding S\$5,000 and, or imprisonment for a term not exceeding three years.

Section 61 of the GST Act further provides that any person who fails to comply with the duty to notify liability for registration or change in nature of supplies, etc. by a person exempted from registration or fails to apply for registration as required by the GST Act shall be guilty of an offence and shall on conviction: (i) pay a penalty equal to 10% of the tax due in respect of each year or part thereof commencing from the date on which he is required to make the notification or to apply for registration, as the case may be; (ii) be liable to a fine not exceeding S\$10,000; and (iii) be liable to a further penalty of S\$50 for every day during which the offence continues after conviction.

Rectification measures for the GST Incident

As part of the rectification measures, our Group engaged the Singapore GST Adviser in May, 2019 to review if the entities within the Group are in compliant with the Singapore GST rules and regulations. Specifically, the following steps were taken:

- (i) The Singapore GST Adviser had performed a review on the GST return e-filed by Proofer Bakery which is GST-registered. The review was performed under the Assisted Self-Help Kit (the “ASK”) based on the methodology prescribed by the IRAS in the IRAS’ e-Tax Guide on GST: Assisted Self-Help Kit (ASK) Annual Review Guide (Eighth Edition) dated 29 July, 2019. The primary objective of the ASK review is to ensure that the GST returns e-filed by Proofer Bakery are in compliance with the GST rules and regulations. The issues noted during the ASK review have been disclosed to the IRAS using the relevant forms. We were notified by the IRAS on 10 January, 2020 that they have completed the review of the ASK submitted. The total amount of GST payable by Proofer Bakery was assessed to be approximately S\$84,000 (comprising GST due of approximately S\$81,000 and related penalty of approximately S\$2,900). We were informed by the IRAS that the aforesaid amount would be deducted from the bank account of Proofer Bakery on 15 January, 2020, and thus our Directors immediately instructed the responsible shop-in charge of the relevant bakery outlets and restaurant to deposit the

BUSINESS

daily cash sales on a timely basis such that Proofer Bakery would have sufficient funds to meet the payment deduction. Nevertheless, there was a delay on the part of the shop-in charge in making the cash deposits on time due to their inadvertent oversight. As a result, on 15 January, 2020, the bank account of Proofer Bakery only had a cash balance of approximately S\$83,000, and hence there was a shortfall of approximately S\$1,000 in processing the payment deduction. Subsequently, pursuant to a letter dated 22 January, 2020 from the IRAS, Proofer Bakery was required to settle the amount of approximately S\$85,000 (comprising GST payable and an additional penalty of approximately S\$1,000) before 20 February, 2020. We wrote to the IRAS on 31 January, 2020 and received a confirmation on 3 February, 2020 from IRAS agreeing to allow Proofer Bakery to settle its GST payable under a 12-month instalment plan commencing from March, 2020. On 3 February, 2020, as we had concurrently issued a cheque to the IRAS to settle the GST-related penalties of approximately S\$4,000, we had thus written to the IRAS to revise the amount payable under the instalment plan. Proofer Bakery has since received the revised instalment plan from the IRAS on 25 March, 2020.

- (ii) The Singapore GST Adviser had also performed a high-level review of 11 entities within the Group with an aim to identify if the entities have any GST registration liabilities and consequently assessing the entities' compliance with the GST rules and regulations, covering Anita Bakery, Aris Gourmet, Proofer Pizzeria, Proofer Bakery & Pizzeria, Yuba Hut (Hillion), Yuba Hut (Northpoint), Yuba Hut, Yuba Hut (POIZ), Laura Baguette, 300 BC Bakery and Laura Cafe.
- (iii) On 23 July, 2019, the Singapore GST Adviser had written to the IRAS in respect of the GST Incident and the following rectification measures were taken:
 - we had made a voluntary disclosure of late notification of GST registration liabilities by Proofer Boulangerie and Proofer (Tanjong Pagar) under the Inland Revenue Authority of Singapore's Voluntary Disclosure Programme;
 - we had applied for GST registration for Proofer Boulangerie and Proofer (Tanjong Pagar); and
 - we had sought a waiver of penalties and, or fines arising from the late notification of GST registration liabilities by Proofer Boulangerie and Proofer (Tanjong Pagar).

BUSINESS

The reasons for adopting a different scope of review for different entities are as follows:

- (a) A review under the ASK was conducted on Proofer Bakery's GST returns for the agreed financial year as Proofer Bakery is registered for GST in Singapore. The ASK is a self-assessment package aimed at facilitating voluntary compliance of GST-registered business and the ASK review enables Proofer Bakery to perform a review of past GST returns for early detection of errors. The ASK review is conducted based on the methodology of the IRAS and is a five-step process as follows:
- Review GST declarations for a financial year;
 - Select GST returns for review;
 - Perform checks for the selected GST returns;
 - Review and compare financial statements against financial declarations; and
 - Quantify errors noted and submit findings to the IRAS.

Another reason why an ASK review is performed on Proofer Bakery is because the IRAS will waive the late payment penalty if Proofer Bakery undertakes an ASK review to voluntarily disclose past errors within one year from the statutory filing due date of its last GST return in respect of the financial year ended ("one-year grace period") or impose a reduced penalty for voluntary disclosure of errors made after the one-year grace period.

- (b) A high-level review was performed on 11 entities within our Group given that these entities are not registered for GST in Singapore and hence, do not make any GST declarations. It is therefore not possible to perform an ASK review for the said 11 entities. The GST risk in a case of a non-GST registered business is whether the entity would have been liable for GST registration. On this basis, the scope of work for the 11 entities is therefore that of a high-level review which comprises the following:
- Review the management accounts of the remaining 11 entities within our Group for the agreed periods with the aim to identifying potential items which would constitute taxable supplies for GST purposes;
 - Review by enquiry with an aim to identifying if the remaining 11 entities have a GST registration liability; and
 - Advise and confirm whether the remaining 11 entities have complied with the respective GST registration liabilities (if applicable).

BUSINESS

As confirmed by the Singapore GST Adviser: (i) the abovementioned is the typical scope of work for them to assess whether a company is liable for GST registration and to assist in making a voluntary disclosure to the IRAS on the late notification of GST registration liability (if any). Hence, the high-level review covering the abovementioned scope of work is sufficient to identify any non-compliance with the GST rules (particularly in the context of the GST registration liability for the entities); and (ii) following the review, given that the 11 entities are not liable for GST registration, there is no GST exposure for the 11 entities within our Group, and hence no provision has been made for such 11 entities within our Group in this regard.

Proofer Boulangerie and Proofer (Tanjong Pagar) received the reply dated 24 July, 2019 from IRAS stating that IRAS has agreed to the abovementioned requests, including the waiver of penalties arising from the late notification of the GST registration liabilities of Proofer Boulangerie and Proofer (Tanjong Pagar). Based on the aforesaid reply from IRAS, the Singapore GST Adviser is of the opinion that the waiver of the penalties arising from the late notification of GST registration liabilities in respect of the GST Incident has been concluded.

Following the submission of the back-dated GST returns for Proofer Boulangerie and Proofer (Tanjong Pagar), the Singapore GST Adviser wrote to the IRAS on 30 October, 2019 requesting that Proofer Boulangerie and Proofer (Tanjong Pagar) be allowed to pay GST totalling approximately S\$213,000 due on those GST returns under a monthly instalment plan. On 28 November, 2019, IRAS agreed in writing for payment of GST due by Proofer Boulangerie totalling approximately S\$133,000 and Proofer (Tanjong Pagar) totalling approximately S\$80,000 under a monthly instalment plan commencing from December, 2019.

Under the 12-month instalment plan, Proofer (Tanjong Pagar) was required to pay a monthly instalment of approximately S\$6,700, which would be deducted from its bank account on the 15th day of each month. In anticipation of the monthly instalment for January, 2020, our Directors had reminded our accounts, finance and administration staff to ensure sufficient funds in the bank account of Proofer (Tanjong Pagar) for the payment deduction. In addition, as instructed by our Directors, a sum of S\$5,000 was deposited into the bank account of Proofer (Tanjong Pagar) on 6 January, 2020 to facilitate the payment deduction. Nevertheless, certain payments were subsequently made out of the bank account of Proofer (Tanjong Pagar) for settling certain trade payables and administrative fees of our Group due to the inadvertent oversight of our accounts, finance and administration staff. As a result, the bank account of Proofer (Tanjong Pagar) only had a remaining cash balance of approximately S\$6,500 on 15 January, 2020, and hence there was a shortfall of approximately S\$200 in processing the payment deduction for the monthly instalment of January, 2020. Subsequently, pursuant to a letter dated 22 January, 2020 from the IRAS, Proofer (Tanjong Pagar) was required to settle the amount of approximately S\$77,000 (comprising GST payable and an additional penalty of approximately S\$3,700) before 20 February, 2020. As at 14 February, 2020, we had duly settled the GST payable by Proofer (Tanjong Pagar) totalling approximately S\$77,000.

BUSINESS

Under the 12-month instalment plan, Proofer Boulangerie was required to pay a monthly instalment of approximately S\$11,000. Proofer Boulangerie has continued the payment of monthly instalment on a timely basis.

Enhanced internal control measures to prevent recurrence of the GST Incident

To ensure that we notify the IRAS of the GST registration liabilities of each entities within our Group, when necessary, our financial controller will be responsible for closely monitoring the aggregate revenue of each entities within our Group at the end of the calendar year 2019 and subsequent calendar years; and also if at any time, any entity within our Group is able to reasonably forecast that its value of taxable supplies in the next 12 months will exceed S\$1 million, our executive Directors will be informed accordingly. Our financial controller will then proceed with GST registration for the relevant entity in line with the procedures set out on the website of the IRAS. Going forward, our GST returns will be prepared by our financial controller and approved by our executive Directors before submission to the IRAS.

To ensure that our shop-in charge will deposit the daily cash sales into our bank accounts on a timely basis, we have strengthened our cash management policy and procedures by adopting the following measures:

- (i) if the daily reconciliation amount is greater than S\$15,000, our shop in-charge will deposit the relevant cash amount into our bank accounts immediately (excluding Saturday, Sunday, or public holiday in Singapore);
- (ii) a copy of the bank deposit receipt will be sent to our accounts, finance and administration department for reference check and record purpose; and
- (iii) our procurement and operation manager will monitor the status of deposits of daily cash sales by following up closely with the shop-in charge at each of our bakery outlets and restaurants.

In addition, our accounts, finance and administration department is responsible for maintaining at all times a cash balance in the bank account of each of our operating subsidiaries which is sufficient to meet its GST payment obligations. Whenever the cash balance falls below the required threshold, our financial controller will inform our Directors and advise on appropriate actions.

Our Directors confirmed that based on the review of our independent internal control consultant on our internal control systems, our Group has maintained adequate internal control systems for GST registration. Our Directors are also of the view that the aforesaid measures are sufficient and could effectively prevent the recurrence of the GST Incident.

View of our Singapore Legal Advisers

Our Singapore Legal Advisers are of the opinion that in view of the appropriate rectification measures for the GST Incident taken which includes seeking a waiver of penalties and, or fines arising from the late notification of the GST Incident and agreeing to pay the GST due on the past GST returns, the GST Incident has since been settled and it is unlikely that there will be further penalties imposed by the IRAS in respect of the GST Incident.

As at the Latest Practicable Date, our Directors confirmed that we have not received any further correspondence from the IRAS in relation to the GST Incident.

(ii) Incident relating to CPF

Background

Prior to May, 2019, 11 operating subsidiaries of our Group had failed to make timely monthly contributions to the CPF (the “**CPF Incident**”). The amount of late CPF contributions (including late payment interest imposed by the CPF Board) in each of the calendar years from 2015 to 2019 was approximately S\$28,000, S\$28,000, S\$38,000, S\$34,000 and S\$14,000, respectively. Our Directors confirmed that the omission was not wilful and was due to the inadvertent oversight of our administration staff and the absence of timely and professional advice at the material time.

Relevant laws and regulations, potential sanctions, penalties and other liabilities

Section 7(1) of the CPF Act provides that every employer shall make monthly contributions in respect of each employee to the CPF at the prescribed rates. Regulation 2(1) of the CPF Regulations further provides that all contributions to the CPF payable by an employer under Section 7(1) of the CPF Act shall be paid to the CPF Board not later than 14 days after the end of the month in respect of which the contributions are payable.

Section 58 of the CPF Act provides, amongst others, that it shall be an offence if any person fails to pay employee CPF contributions within the prescribed time period. The offence shall apply to both a natural person as well as a body corporate and its officers. Pursuant to Section 61(2) of the CPF Act, such person shall be liable on conviction to a fine of not less than S\$1,000 but not more than S\$5,000 and, or a custodial sentence not exceeding six months. Repeat offenders shall be liable on conviction to a fine not less than S\$2,000 but not more than S\$10,000 and, or a custodial sentence not exceeding 12 months.

Pursuant to Section 7(3) of the CPF Act, where any employer who has recovered any amount from the monthly wages of an employee in accordance with Section 7(2) fails to pay the contributions to the CPF within such time as may be prescribed, he shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 7 years or to both.

BUSINESS

According to the CPF Board's website, the CPF Board generally imposes composition fines and late payment interest on defaulters. It is the CPF Board's position that legal action is typically taken only if the requisite CPF contributions, late payment interest and composition fines remain unpaid by the deadline given by the CPF Board.

Rectification measures for the CPF Incident

In respect of the CPF Incident, our executive Directors confirm that as at the Latest Practicable Date, all the outstanding CPF contributions (including the composition fines and late payment interest imposed by the CPF Board) have been subsequently paid and settled. As at the Latest Practicable Date, our Group has complied with the relevant provisions of the CPF regulations in relation to CPF contributions for our employees in all material respects. As confirmed by our Directors, our Group has neither been prosecuted by the CPF Board nor received complaint from our employees in relation to the CPF Incident as at the Latest Practicable Date.

All the CPF-related matters of our Group will be handled by our accounts, finance and administration department and supervised by our executive Directors. In addition, with the support and assistance of our external legal advisers, our accounts, finance and administration department will, on an annual basis, report to our executive Directors on the compliance with the CPF laws and regulations. Our accountants will handle all CPF-related matters to ensure all CPF payments have been properly and timely made in accordance with the CPF Act and liaise with our CPF service provider from time to time to obtain updated rules and regulations on CPF schemes and related regulations.

View of our Singapore Legal Advisers

Our Singapore Legal Advisers are of the view that the risk of our Group or any of our officers being sanctioned for the CPF Incident is low, taking into consideration the following (i) our Group has made the requisite CPF contributions and paid the composition fines and late payment interest imposed by the CPF Board; and (ii) none of our subsidiaries is listed as an offender in the list of employers convicted under the CPF Act published by the CPF Board as at the Latest Practicable Date.

(iii) Incident relating to Fire Safety Certificate (the "FSC")

Background

Under the Fire Safety Act, owners and their qualified person (the "**Qualified Person**") whom they have engaged for their fire safety works are required to apply and obtain the FSC before using or occupying the premises. "Fire safety works" refers to, among others, (i) changes to the use of the premises (ii) changes to the layout of the works, for example, the addition or removal of partition or walls or (iii) changes to or relocation of fire sprinklers. The FSC is only issued after full completion of all fire safety works in the project, and once issued, the FSC shall remain valid until subsequent renovation works that necessitate an application for a fresh FSC.

Alternatively, where minor addition and alteration works (the “**MAA works**”) are to be carried out on premises for which a Temporary Fire Permit or FSC has been previously obtained, renovation plans may be lodged in respect of the MAA works (the “**MAA lodgement**”) by a Qualified Person with the Singapore Civil Defence Force (the “**SCDF**”). Provided that there are no changes to the actual renovations carried out from the renovation plans lodged, an acceptance letter will be subsequently issued by the SCDF and after that there would be no further requirement to apply for a FSC in relation to the MAA works.

During the Track Record Period, we failed to apply for a FSC or perform the MAA lodgement for a total of 14 premises occupied by us, comprising (i) nine “*Proofer*” bakery outlets; (ii) three “*Yuba Hut*” restaurants; (iii) one “*Proofer*” restaurant; and (iv) our central kitchen. Out of the 14 premises, we had failed to apply for a FSC for 11 premises and failed to perform the MAA lodgements for three premises during the period from 27 November, 2013 to 23 March, 2019.

Our Directors confirmed that the omissions to comply with the FSC or MAA lodgement requirements were not wilful and were due to (i) mistaken beliefs that FSC or MAA lodgement was not required for us as tenants of the premises; and (ii) lack of professional advice. Our Directors confirmed that, as at the Latest Practicable Date, we had not been prosecuted by the SCDF for our omissions.

Relevant laws and regulations, potential sanctions, penalties and other liabilities

According to Section 29(12) of the Fire Safety Act, any person who fails to comply with the requirement regarding the FSC (including the MAA lodgement) shall be liable on conviction to a fine not exceeding S\$10,000 and to a further fine not exceeding S\$1,000 per day or part thereof during which the offence continues after conviction. Based on the number of our occupied premises involved, our Singapore Legal Advisers estimate that the aggregate penalty for the breach of the FSC requirements would be S\$140,000, provided that there is no continuing offence after conviction.

Rectification measures for the incident regarding FSC

Upon becoming aware of the aforesaid incident, we have since engaged a Qualified Person to submit the relevant applications and renovation plans to the SCDF. All the requisite FSC applications and MAA lodgements in respect of the aforesaid 14 premises were submitted to the SCDF by the Qualified Person in 2019. As at the Latest Practicable Date, we have obtained the (i) FSC and, or notices of approval; or (ii) acceptance letters for all of the 14 premises. As advised by our Singapore Legal Advisers, such notices of approval and acceptance letters indicate that our applications have satisfied the relevant requirements of the SCDF.

Going forward, our procurement and operation manager has been assigned to ensure that all the requisite approvals under the Fire Safety Act are properly and timely obtained based on the advice and assistance of a Qualified Person.

View of our Singapore Legal Advisers

Considering our rectification measures as mentioned above, our Singapore Legal Advisers are of the view that the risk of our Group or any of its officers, including our Directors, being sanctioned by the SCDF for a breach of the FSC requirements is remote.

(iv) Incident relating to the Food Shop Licences

Background

According to Section 32(1) of the EPHA, no person shall operate or use or knowingly permit a food establishment without first obtaining a Food Shop Licence from the Director — General, Food Administration. Prior to June, 2019, we had failed to renew the Food Shop Licences prior to their expiry on a total of six occasions in respect of the following bakery outlets and restaurants:

- (i) Proofer (Sun Plaza) from 30 December, 2018 to 15 January, 2019;
- (ii) Proofer (Chinatown Point) from 10 February, 2019 to 18 February, 2019;
- (iii) Yuba Hut (Junction 8) from 21 May, 2019 to 13 June, 2019;
- (iv) Proofer (Changi City Point) from 26 November, 2014 to 17 December, 2014;
- (v) Yuba Hut (Northpoint City) from 25 December, 2018 to 18 February, 2019;
and
- (vi) Yuba Hut (Heartland Mall) from 5 June, 2019 to 13 June, 2019.

Our Directors confirmed that failure to renew our Food Shop Licences prior to their expiry was not wilful and was due to inadvertent oversight of our responsible administrative staff in settling the outstanding payments for our renewal applications within the prescribed periods. As confirmed by our Directors, as at the Latest Practicable Date, we had not been prosecuted or fined by the SFA for the late renewal of our Food Shop Licences.

Relevant laws and regulations, potential sanctions, penalties and other liabilities

Upon conviction under Section 32(1) of the EPHA, the Director-General, Food Administration may, by order in writing addressed to the convicted person, require that the place or premises or any part thereof where the offence took place shall no longer be operated or used as a food establishment as from such date as the Director-General, Food Administration shall specify in the order. Section 41A(1)(b) of the EPHA further provides that any person who contravenes Section 32(1) of the EPHA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000 and where the person is a repeat offender, the person shall be liable on conviction to a fine not exceeding S\$20,000 and, or to imprisonment for a term not exceeding three months.

BUSINESS

Rectification measures for the incident regarding the Food Shop Licences

We have subsequently renewed the Food Shop Licences for each of the aforesaid bakery outlets and restaurants. Our procurement and operation manager has been assigned to monitor the expiry of our Food Shop Licences to ensure that the required Food Shop Licences are obtained or renewed on a timely basis.

View of our Singapore Legal Advisers

Considering the rectification measures taken by us as mentioned above, our Singapore Legal Advisers are of the view that the risk of our Group or any of its officers being sanctioned by the SFA for a breach of licensing requirements under the EPHA is low.

INDEMNITY GIVEN BY OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders, collectively as the indemnifiers, entered into the Deed of Indemnity on 24 April, 2020 whereby our Controlling Shareholders have agreed to indemnify our Group in respect of any liabilities and penalties arising from the aforesaid non-compliance incidents on or before the Listing Date. (See section headed “STATUTORY AND GENERAL INFORMATION — Other information — 1. Tax and other indemnities” in Appendix IV to this prospectus for details of the Deed of Indemnity.)

INTERNAL CONTROL AND RISK MANAGEMENT

In light of the non-compliance incidents that occurred during the Track Record Period stated above, and to enhance our internal control system to maintain the integrity of our business, results of operations and our reputation as well as in connection with the Listing, we have implemented internal control and risk management policies and manuals covering numerous key control areas such as revenue and receivables, cash and treasury management, purchase and payables, and inventory management.

In preparation for the Listing and the enhancement of internal control system and risk management, we engaged an independent internal control consultant (the “**IC Consultant**”) in December, 2018 to assist our Group and the Sole Sponsor to review and provide recommendations for improving and rectifying certain weakness in our internal control system and risk management according to the agreed-upon review procedures to prevent the non-compliance incidents in the future.

Based on the findings from the internal control review and the recommendations from the IC Consultant, we have adopted measures and policies to enhance our internal control measures to prevent future non-compliance. The IC Consultant performed follow-up review between July and September, 2019 and concluded that the recommendations and rectification of weaknesses in our internal control system identified have been fully implemented.

VIEWS OF OUR DIRECTORS AND SOLE SPONSOR

Our Directors consider that the abovementioned non-compliance incidents stated in the sub-section headed “Non-compliance matters” above would not affect: (a) the suitability of our executive Directors under Rules 5.01 and 5.02 of the GEM Listing Rules; or (b) the suitability of listing our Company under Rule 11.06 of the GEM Listing Rules, and that the various internal control measures adopted by our Group are adequate and effective having taken into account that:

- (i) the non-compliance incidents were unintentional, did not involve any dishonesty or fraudulent act on the part of our executive Directors that would affect their ability to discharge their fiduciary duties, and did not raise any question as to their integrity. Our Directors consider that the non-compliance incidents disclosed above will not have any material adverse impact on our operational or financial position;
- (ii) our Directors have attended trainings conducted by our Hong Kong legal advisers on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the GEM Listing Rules and our Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;
- (iii) our Group has taken measures to enhance our internal control system before Listing, including the engagement of the IC Consultant to perform a comprehensive evaluation of our internal control system. Our Directors believe that the adoption of measures and policies recommended by the IC Consultant before Listing would enable us to prevent the recurrence of the abovementioned non-compliance incidents and ensure due compliance with applicable laws and regulations going forward. There was no recurrence of similar non-compliance incidents since the implementation of such measures; and
- (iv) we have appointed Anglo Chinese as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that we are properly guided and advised as to compliance with the GEM Listing Rules.

The Sole Sponsor, after considering the above and the views of the IC Consultant, concurs with the views of our Directors that (a) our various internal control measures are adequate and effective to avoid the recurrence of the non-compliance incidents in the future; and (b) the abovementioned non-compliance incidents would not materially affect the suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules and the suitability of listing of our Company under Rule 11.06 of the GEM Listing Rules.

Going forward, our Directors confirm that they will procure the Group to follow the adopted internal control policies to ensure that it will comply with the relevant laws and regulations and ensure our Group will only commence operations of the new bakery outlets and restaurants until all requisite licences and certificates have been obtained.

CONNECTED TRANSACTIONS

OVERVIEW

We have entered into transactions with parties who are our connected persons or deemed connected persons and such transactions will continue following the Listing Date. These transactions constitute continuing connected transactions of our Group under Chapter 20 of the GEM Listing Rules.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

As at the Latest Practicable Date, our Group has employed a total of eight employees who are connected or deemed to be connected to our Controlling Shareholders, namely Mr. Aris Goh and Ms. Anita Chia (the “**Connected Employees**”). In September, 2019, each of the Connected Employees entered into a written employment contract (the “**Connected Employee Employment Contracts**”) with our Group. The term of each Connected Employee Employment Contracts shall last up to three years from the Listing Date.

Set out below is a summary of the positions of the Connected Employees and their relationships with our Group:

Name	Position in our Group	Basis of remuneration	Relationships with our Group
Ms. Goh Choo Eng	Part-time front crew	Fixed hourly rate payable on a hourly basis	Elder sister of Mr. Aris Goh
Ms. Goh Hup Soon	Part-time front crew	Fixed hourly rate payable on a hourly basis	Elder sister of Mr. Aris Goh
Mr. Ho Chin Chew	Part-time front crew	Fixed hourly rate payable on a hourly basis	Spouse of Ms. Goh Hup Soon and a brother-in-law of Mr. Aris Goh
Mr. Charlton Wu Zhi Kuang	Part-time front crew	Fixed hourly rate payable on a hourly basis	Elder brother of Mr. Aris Goh
Ms. Lee Puay Chwee	Part-time front crew	Fixed hourly rate payable on a hourly basis	Spouse of Mr. Charlton Wu Zhi Kuang and the sister-in-law of Mr. Aris Goh
Mr. Goh Leong Seng Willie	Part-time front crew	Fixed hourly rate payable on a hourly basis	Elder brother of Mr. Aris Goh

CONNECTED TRANSACTIONS

Name	Position in our Group	Basis of remuneration	Relationships with our Group
Ms. Chan Yow Kuen	Part-time front crew	Fixed hourly rate payable on hourly basis	Spouse of Mr. Goh Leong Seng Willie and the sister-in-law of Mr. Aris Goh
Ms. Constann Chia Hee Rong	Full-time quality control & operation manager	Fixed salary payable on a monthly basis	Younger sister of Ms. Anita Chia

Each of Ms. Goh Choo Eng, Ms. Goh Hup Soon, Mr. Charlton Wu Zhi Kuang, Mr. Goh Leong Seng Willie and Ms. Constann Chia Hee Rong is an associate (as defined in Rule 20.10(2)(a) of the GEM Listing Rules) of our Controlling Shareholders, namely Mr. Aris Goh and Ms. Anita Chia, and is therefore a connected person of our Company under the GEM Listing Rules.

Each of Mr. Ho Chin Chew, Ms. Lee Puay Chwee and Ms. Chan Yow Kuen is a relative (as defined in Rule 20.19(1)(a) of the GEM Listing Rules) of our Controlling Shareholders, namely Mr. Aris Goh and Ms. Anita Chia, and is therefore a deemed connected person (as defined in Rule 20.19(1) of the GEM Listing Rules) of our Company under the GEM Listing Rules.

For 2018 financial year, 2019 financial year, the four months ended 31 October 2018 and 2019, the total remuneration (including salaries, allowances and CPF contributions) paid to the Connected Employees amounted to approximately S\$0.2 million (equivalent to HK\$1.1 million), S\$0.2 million (equivalent to HK\$1.1 million), S\$83,000 (equivalent to HK\$475,000) and S\$68,000 (equivalent to HK\$389,000), respectively.

Our Directors estimate that the annual total remuneration (including salaries, allowances and CPF contributions) payable to the Connected Employees under the Connected Employee Employment Contracts will not exceed S\$360,000 (equivalent to HK\$2.1 million) for each of the three years from the Listing Date. Such annual caps were determined with reference to the remuneration payable to the Connected Employees and the expected increments during the three-year period after the Listing Date.

Our Directors' confirmation

Our Directors consider that the entering of the Connected Employee Employment Contracts is in our ordinary and usual course of business and in the interests of our Group and our Shareholders as a whole, and the terms therein are entered into based on normal commercial terms, fair and reasonable. The remuneration payable to each Connected Employee under the Connected Employee Employment Contracts commensurates with his or her experience, position and performance and is consistent with the prevailing market rates for similar job positions.

CONNECTED TRANSACTIONS

GEM Listing Rules implication

Given the relationships of the Connected Employees with the Controlling Shareholders and the similar nature of the Connected Employee Employment Contracts, the Stock Exchange may aggregate all the Connected Employee Employment Contracts pursuant to the GEM Listing Rules. If all the Connected Employee Employment Contracts are aggregated, the applicable percentage ratios by reference to the remuneration payable under the Connected Employee Employment Contracts would be less than 5% and the annual total consideration would be less than HK\$3,000,000. Accordingly, the Connected Employee Employment Contracts constitute *de minimus* continuing connected transactions which are fully exempt from the reporting, circular, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

Our Board consists of five Directors, of whom two are executive Directors and three are independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

Directors

The table below shows certain information concerning our Directors:

Name	Age	Current position/title in our Group	Date of first joining our Group	Date of appointment as a Director	Roles and responsibilities in our Group	Relationship with other Directors and senior management
<i>Executive Directors</i>						
Mr. Goh Leong Heng Aris	55	Executive Director, chief operating officer and chairman of the Board	August, 2013 (as one of our co-founders)	16 May, 2019	Responsible for overall management of business development as well as market development and strategic planning of our Group, chairman of our nomination committee	Spouse of Ms. Anita Chia
Ms. Anita Chia Hee Mei (Xie Ximei)	41	Executive Director and chief executive officer	August, 2013 (as one of our co-founders)	16 May, 2019	Responsible for overall management of business development as well as product development and daily operation of our Group, member of our remuneration committee	Spouse of Mr. Aris Goh
<i>Independent non-executive Directors</i>						
Ms. Lei Dan (雷丹)	37	Independent non-executive Director	April, 2020	24 April, 2020	Responsible for providing independent judgment on our strategy, performance, resources and standard of conduct, chairlady of our audit committee, member of our nomination committee	Nil

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Current position/title in our Group	Date of first joining our Group	Date of appointment as a Director	Roles and responsibilities in our Group	Relationship with other Directors and senior management
Mr. John Lim Boon Kiat (林文杰)	44	Independent non-executive Director	April, 2020	24 April, 2020	Responsible for providing independent judgment on our strategy, performance, resources and standard of conduct, member of our audit committee, remuneration committee and nomination committee	Nil
Mr. Kwok Kin Kwong Gary (郭建江)	43	Independent non-executive Director	April, 2020	24 April, 2020	Responsible for providing independent judgment on our strategy, performance, resources and standard of conduct, chairman of our remuneration committee, member of our audit committee	Nil

Senior management

The table below shows certain information concerning our senior management:

Name	Age	Current position/title in our Group	Date of first joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Directors and senior management
Ms. Yong Shu Mei (楊淑媚)	26	Procurement & operation manager	August, 2014	21 October, 2019	Responsible for overseeing our procurement process and managing our relationship with suppliers	Nil
Ms. Chung Ngar Yu Alice (鍾雅如)	27	Financial controller and one of our joint company secretaries	March, 2019	21 October, 2019	Responsible for overseeing our financial reporting, financial planning, treasury and financial control matters	Nil

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board is the primary decision-making body of our Company, and is responsible for formulating fundamental business strategies of our Group, establishing policies for the management and operation of our business and monitoring their implementation.

Executive Directors

Mr. GOH Leong Heng Aris, aged 55, is one of the co-founders of our Group. He is the chairman of the Board, the chief operating officer, one of our Controlling Shareholders, an executive Director and the chairman of the nomination committee. He is responsible for the overall management of business development as well as market development and strategic planning of our Group. Mr. Aris Goh is the spouse of Ms. Anita Chia.

Prior to founding our Group, Mr. Aris Goh has accumulated over 15 years of experience in the apparel industry. From January, 1988 to June, 2005, Mr. Aris Goh established and operated an apparel retail and wholesale network in Singapore through various companies and entities including Tako Pte Ltd, Ben Hur Pte Ltd, I.D.S. Fashion, Coast Gate Garment, Hamlet Garment and Bluno Originals. Due to his wish to focus on his family and personal matters from around July, 2005 to July, 2013, Mr. Aris Goh ceased all of his apparel retail and wholesale business in 2006 and realised certain real estate properties co-owned by him in Singapore in 2007. In August, 2013, Mr. Aris Goh together with Ms. Anita Chia, established Proofer Bakery & Pizzeria pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh, under which Ms. Anita Chia was entrusted by Mr. Aris Goh to hold, as registered owner, 50% of the effective interests in Proofer Bakery & Pizzeria for and on behalf of Mr. Aris Goh.

Mr. Aris Goh completed the Cambridge General Certificate of Education (GCE) ordinary level examinations in 1982 in Singapore.

Save as Anita Bakery, Mr. Aris Goh is a director of each wholly-owned subsidiary of our Company.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Aris Goh was a director of the following companies in Singapore immediately prior to their respective dissolution:

Name	Nature of business	Date of dissolution	Means of dissolution
Tako Pte Ltd	General wholesale trade	22 November, 2002	Strike off by voluntary application due to cessation of business ^(Note)
Ben Hur Pte Ltd	Wholesale of wearing apparel for adults	7 August, 1999	Strike off by voluntary application due to cessation of business ^(Note)
Hot Mama (Mala) Pte. Ltd.	No business operations since its incorporation	4 February, 2020	Strike off by voluntary application due to cessation of business ^(Note)

Note: The Companies Act (Chapter 50) of the Statutes of the Republic of Singapore provides that the Registrar of Companies in Singapore (the “Registrar”) has the powers to strike a company off the register maintained by the Registrar, if the Registrar has reasonable cause to believe that a company is not carrying out business or is not in operation or on voluntary application by the company or its directors.

Mr. Aris Goh was an owner of the following entities in Singapore immediately prior to their dissolution:

Name of entity	Nature of business	Position	Date of dissolution	Means of dissolution
Aris Gourmet Bakery	No business operations since its establishment	Owner	16 April, 2014	Terminated due to cessation of business ⁽¹⁾
I.D.S Fashion	Wholesale of wearing apparel for adults	Owner	19 June, 2005	Cancelled due to cessation of business ⁽²⁾
Coast Gate Garment	Retail sale of wearing apparel for adults	Owner	4 May, 2004	Cancelled due to cessation of business ⁽²⁾
Coast Gate Garment	Retail sale of wearing apparel for adults	Owner	2 April, 2006	Cancelled due to cessation of business ⁽²⁾

DIRECTORS AND SENIOR MANAGEMENT

Name of entity	Nature of business	Position	Date of dissolution	Means of dissolution
Hamlet Garment	Wholesale of wearing apparel for adults	Owner	14 April, 1997	Cancelled due to cessation of business ⁽²⁾
Bluno Originals	Retail sale and wholesale of wearing apparel for adults	Owner	5 May, 1988	Terminated due to cessation of business ⁽¹⁾
Proofer Bakery & Pizzeria	Manufacturing and retail of confectionary and bakery products	Owner ⁽³⁾	13 August, 2019 ⁽⁴⁾	Cancelled due to cessation of business ^{(2), (5) and (6)}

Notes:

1. The entity gave notice of termination of business to the Registrar and its status of business registration was accordingly terminated.
2. The entity did not renew its business registration and its status of business registration was accordingly cancelled.
3. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh, the beneficial interest of Proofer Bakery & Pizzeria had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its establishment.
4. The manufacturing and retail of confectionary and bakery products business of Proofer Bakery & Pizzeria and all of its assets and liabilities were transferred to Proofer Bakery with effect from 9 July, 2019 (the “**Business Transfer**”). Please refer to the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Reorganisation — Stage 2 — Transfer of business, assets and liabilities from Proofer Bakery & Pizzeria to Proofer Bakery” in this prospectus for further details of the transfer.
5. Each of Proofer Bakery & Pizzeria (the transferor) and Proofer Bakery (the transferee) had been under common control of our Controlling Shareholders since their respective incorporation/establishment dates and up to the Business Transfer, and Proofer Bakery had continued carrying out the business activities of Proofer Bakery & Pizzeria following the Business Transfer. On such basis, the financial results of Proofer Bakery & Pizzeria during the Track Record Period were combined with our Group in the preparation of historical financial information of our Company.
6. Pursuant to the Business Transfer, the business of Proofer Bakery & Pizzeria and all of its assets and liabilities were transferred to Proofer Bakery with effect from 9 July, 2019. Since Proofer Bakery & Pizzeria did not carry out any business operations following the Business Transfer, our executive Directors decided to dissolve it by way of cancellation. Save for the non-compliance incidents relating to CPF, the Fire Safety Certificate and Food Shop Licences described in the section headed “BUSINESS — Non-compliance matters” in this prospectus, Proofer Bakery & Pizzeria had not been involved in any material non-compliances or litigations during the Track Record Period which would materially affect the suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Aris Goh confirms that there was no fraudulent act or misfeasance on his part leading to the dissolution of the above companies and, or entities and he is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution and, or entities. He also confirms that the above companies and, or entities were solvent immediately prior to their dissolution.

Mr. Aris Goh does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

Ms. Anita CHIA Hee Mei (Xie Ximei), aged 41, is one of the co-founders of our Group. She is the chief executive officer, one of our Controlling Shareholders, an executive Director and a member of the remuneration committee. She is responsible for the overall management of business development as well as product development and daily operation of our Group. Ms. Anita Chia is the spouse of Mr. Aris Goh.

Prior to founding our Group, Ms. Anita Chia has over six years of experience in the field of sales and marketing. From October, 2005 to November, 2008, Ms. Anita Chia worked at Eng Wah Private Limited as a senior sales and marketing executive. From June, 2009 to April, 2013, Ms. Anita Chia worked at DBS Bank as a home advice specialist. In August, 2013, Ms. Anita Chia together with Mr. Aris Goh, established Proofer Bakery & Pizzeria, pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh, under which Ms. Anita Chia was entrusted by Mr. Aris Goh to hold, as registered owner, 50% of the effective interests in Proofer Bakery & Pizzeria for and on behalf of Mr. Aris Goh.

Ms. Anita Chia obtained a degree in bachelor of science in banking and finance from the University of London through distance learning in August, 2006.

Save as Aris Gourmet, Ms. Anita Chia is a director of each wholly-owned subsidiary of our Company.

Ms. Anita Chia was a director of the following companies in Singapore immediately prior to their respective dissolution:

Name	Nature of business	Date of dissolution	Means of dissolution
My Pizza Palour Pte. Ltd.	No business operations since its incorporation	6 June, 2016	Striking off by voluntary application due to cessation of business ^(Note)
Hot Mama (Mala) Pte. Ltd.	No business operation since its incorporation	4 February, 2020	Striking off by voluntary application due to cessation of business ^(Note)

DIRECTORS AND SENIOR MANAGEMENT

Note: The Companies Act (Chapter 50) of Statutes of the Republic of Singapore provides that the Registrar has the powers to strike a company off the register maintained by the Registrar, if the Registrar has reasonable cause to believe that a company is not carrying out business or is not in operation or on voluntary application by the company or its directors.

Ms. Anita Chia was an owner of the following entity in Singapore immediately prior to its dissolution:

Name of entity	Nature of business	Position	Date of dissolution	Means of dissolution
Proofer Bakery & Pizzeria	Manufacturing and retail of confectionary and bakery products	Owner ⁽¹⁾	13 August, 2019 ⁽²⁾	Cancelled due to cessation of business ^{(3), (4) and (5)}

Notes:

1. Pursuant to a family arrangement entered into between Ms. Anita Chia and Mr. Aris Goh, the beneficial interest of Proofer Bakery & Pizzeria had been held by Ms. Anita Chia and Mr. Aris Goh in equal shares since its establishment.
2. The manufacturing and retail of confectionary and bakery products business of Proofer Bakery & Pizzeria and all of its assets and liabilities were transferred to Proofer Bakery with effect from 9 July, 2019. Please refer to the section headed "HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Reorganisation — Stage 2 — Transfer of business, assets and liabilities from Proofer Bakery & Pizzeria to Proofer Bakery" in this prospectus for further details of the transfer.
3. The entity did not renew its business registration and its status of business registration was accordingly cancelled.
4. Each of Proofer Bakery & Pizzeria (the transferor) and Proofer Bakery (the transferee) had been under common control of our Controlling Shareholders since their respective incorporation/establishment dates and up to the Business Transfer, and Proofer Bakery had continued carrying out the business activities of Proofer Bakery & Pizzeria following the Business Transfer. On such basis, the financial results of Proofer Bakery & Pizzeria during the Track Record Period were combined to our Group in the preparation of historical financial information of our Company.
5. Pursuant to the Business Transfer, the business of Proofer Bakery & Pizzeria and all of its assets and liabilities were transferred to Proofer Bakery with effect from 9 July, 2019. Since Proofer Bakery & Pizzeria did not carry out any business operations following the Business Transfer, our executive Directors decided to dissolve it by way of cancellation. Save for the non-compliance incidents relating to CPF, the Fire Safety Certificate and Food Shop Licences described in the section headed "BUSINESS — Non-compliance matters" in this prospectus, Proofer Bakery & Pizzeria had not been involved in any material non-compliances or litigations during the Track Record Period which would materially affect the suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules.

Ms. Anita Chia confirms that there was no fraudulent act or misfeasance on her part leading to the dissolution of the above companies and, or entity and she is not aware of any actual or potential claim which has been or will be made against her as a result of such dissolution of the companies and, or entity. She also confirms that the above companies or entity were solvent immediately prior to their dissolution.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Anita Chia does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

Independent non-executive Directors

Ms. LEI Dan (雷丹), aged 37, is an independent non-executive Director. Ms. Lei joined our Group in April, 2020. She is the chairlady of the audit committee and a member of the nomination committee. She is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Ms. Lei has over six years of experience in the accounting and financial service industry. Since September, 2014, Ms. Lei has been working at Avior Capital Pte Ltd as a director and partner. Prior to joining Avior Capital Pte Ltd, Ms. Lei also gained experience in the accounting and finance industry, which include Papatomas & Co Pty Ltd, Australia as a junior accountant & administrative assistant, the assurance department of Ernst & Young LLP, and The Trust Company (Asia) Limited as a client services and finance manager.

Ms. Lei obtained a degree in bachelor of business and commerce and a degree in master of business in banking and finance from Monash University in Australia in December, 2006 and September, 2010, respectively. Ms. Lei was admitted as a member of CPA Australia in August, 2007.

Ms. Lei was a director of the following companies in Singapore immediately prior to their respective dissolution:

Name	Nature of business	Date of dissolution	Means of dissolution
Redbase Art Pte. Ltd.	Commercial art galleries and retail of visual arts (painting) and craft objects	4 September, 2017	Strike off by voluntary application due to cessation of business ^(Note)
Catapult Partners Pte. Ltd.	Investment holding company	4 September, 2017	Strike off by voluntary application due to cessation of business ^(Note)

Note: The Companies Act (Chapter 50) of Statutes of the Republic of Singapore provides that the Registrar has the powers to strike a company off the register maintained by the Registrar, if the Registrar has reasonable cause to believe that a company is not carrying out business or is not in operation or on voluntary application by the company or its directors.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lei confirms that there was no fraudulent act of misfeasance on her part leading to the dissolution of the above companies and she is not aware of any actual or potential claim which has been or will be made against her as a result of such dissolution of the companies. She also confirms the above companies were solvent immediately prior to their dissolution.

Ms. Lei does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

Mr. John LIM Boon Kiat (林文杰), aged 44, is an independent non-executive Director. Mr. Lim joined our Group in April, 2020. He is a member of the audit committee, remuneration committee and nomination committee. He is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Mr. Lim has over 20 years of experience in the fashion and design sector. Since April, 1999, Mr. Lim established and operated a clothing retail business in Singapore through Fashion . Lab and Fashion . Lab Pte. Ltd.. Mr. Lim was appointed to serve as an adjunct lecturer of Temasek Polytechnic in Singapore from October, 2018 to December, 2018 and from October, 2019 to December, 2019, respectively.

Mr. Lim attended a fashion design programme at Lasalle International Fashion School in Singapore from 1993 to 1995.

Mr. Lim was an owner of the following entities in Singapore immediately prior to their respective dissolution:

Name of entity	Nature of business	Position	Date of dissolution	Means of dissolution
Fashion . Lab	Retail sale of clothing for adults	Owner	16 October, 2003	Terminated due to cessation of business ^(Note)
E.Lab Apparels	Retail sale of clothing for adults and wholesale of adults' clothing	Owner	31 March, 2004	Terminated due to cessation of business ^(Note)

Note: The entity gave notice of termination of business to the Registrar and its status of business registration was accordingly terminated.

Mr. Lim confirms that there was no fraudulent act or misfeasance on his part leading to the dissolution of the above entities and he is not aware of any actual or potential claim which has been or will be made against him as a result of the dissolution of the entities. He also confirms that the above entities were solvent immediately prior to their dissolution.

Mr. Lim does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

DIRECTORS AND SENIOR MANAGEMENT

Mr. KWOK Kin Kwong Gary (郭建江), aged 43, is an independent non-executive Director. Mr. Kwok joined our Group in April, 2020. He is the chairman of the remuneration committee and a member of the audit committee. He is responsible for providing independent judgment on our strategy, performance, resources and standard of conduct.

Mr. Kwok has over 20 years of experience in the financial service industry. From September, 1998 to August, 2000, Mr. Kwok worked at Deloitte Touche Tohmatsu as a staff accountant. From September, 2000 to January, 2004, Mr. Kwok worked at financial services providers including Ka Wah Capital Limited (currently known as CITIC Securities Corporate Finance (HK) Limited), BOCI Asia Limited and WAG Management Consultancy Limited as an analyst, an associate and a senior analyst (last position held), respectively. From January, 2004 to July, 2012, Mr. Kwok worked at CITIC International Assets Management Limited and its subsidiary and associated company as deputy general manager. Mr. Kwok worked at TTG Fintech Limited (currently known as Fintech Chain Limited) (stock code: FTC), shares of which are listed on the Australian Securities Exchange, as chief financial officer from July, 2012 to December, 2017, and executive director and company secretary from September, 2012 to December, 2017. Mr. Kwok has been appointed by Sichuan Energy Investment Development Co. Ltd. (stock code: 1713), the shares of which are listed on the Main Board of the Stock Exchange, as an independent non-executive director since May, 2017. From December, 2017 to September, 2018, Mr. Kwok worked at SBI BITS Hong Kong Limited as the chief financial officer. Mr. Kwok worked from September, 2018 to January, 2020, as the chief financial officer of Yinyi Holdings (Hong Kong) Limited, a subsidiary of Dafa Properties Group Limited (stock code: 6111), the shares of which are listed on the Main Board of the Stock Exchange, and as a joint company secretary of Dafa Properties Group Limited from May, 2019 to January, 2020. Since January, 2020, Mr. Kwok has been working as the chief financial officer of Fortunet e-Commerce Group Limited (formerly known as Changfeng Axle (China) Company Limited) (stock code: 1039), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Kwok obtained a degree in bachelor of business administration from the Chinese University of Hong Kong in December, 1998. He has been a member of HKICPA since February, 2005.

Mr. Kwok was a director of the following company in Hong Kong immediately prior to its dissolution:

Name	Nature of business	Date of dissolution	Means of dissolution
JZ Logistics Limited	Logistics business	27 December 2019	Dissolved by deregistration

DIRECTORS AND SENIOR MANAGEMENT

Mr. Kwok confirms that there was no fraudulent act or misfeasance on his part leading to the dissolution of the above company and he is not aware of any actual or potential claim which has been or will be made against him as a result of such dissolution of the company. He also confirms that the above company had remained solvent immediately prior to its dissolution.

Save as disclosed above, Mr. Kwok does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

SENIOR MANAGEMENT

Ms. YONG Shu Mei (楊淑媚), aged 26, is our procurement & operation manager. Ms. Yong first joined our Group in August, 2014. She is mainly responsible for overseeing our procurement process and managing our relationship with suppliers.

Ms. Yong obtained a diploma in maritime business from Singapore Polytechnic in March, 2014.

Ms. Yong does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

Ms. CHUNG Ngai Yu Alice (鍾雅如), aged 27, is our financial controller and one of our joint company secretaries of our Group. Ms. Chung joined our Group in March, 2019. She is mainly responsible for overseeing our financial reporting, financial planning, treasury and financial control matters.

Ms. Chung has over five years of experience in auditing, accounting and financial management. From September, 2014 to February, 2019, Ms. Chung worked at Deloitte & Touche LLP with her last position as an audit assistant manager.

Ms. Chung obtained a degree in bachelor of accountancy from Nanyang Technological University in Singapore in June, 2014. Ms. Chung was certified as a chartered accountant of Singapore in May, 2018.

Ms. Chung does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

JOINT COMPANY SECRETARIES

Mr. YU Chun Kit (余俊傑), aged 30, was appointed as one of our joint company secretaries of our Group in September, 2019.

Mr. Yu has over six years of experience in auditing, accounting and financial management. From October, 2011 to July, 2014, Mr. Yu worked at BDO Limited with his last position as a senior associate. From July, 2014 to August, 2015, Mr. Yu worked at KPMG

DIRECTORS AND SENIOR MANAGEMENT

with his last position as an assistant manager. From February, 2016 to November, 2016, Mr. Yu worked at Bowker Asia Limited, which is a subsidiary of Win Hanverky Holdings Limited (stock code: 3322), the shares of which are listed on the Main Board of the Stock Exchange, with his last position as an assistant internal audit manager. From December, 2016 to December, 2017, Mr. Yu worked at a Kingston Corporate Finance Limited, which is a subsidiary of Kingston Financial Group Limited (stock code: 1031), the shares of which are listed on the Main Board of the Stock Exchange, as an assistant manager. Since August, 2018, Mr. Yu has been working at Boltek Holdings Limited (stock code: 8601), the shares of which are listed on GEM of the Stock Exchange, as the financial controller and company secretary.

Mr. Yu obtained a degree bachelor of business administration in accounting and finance from the Hong Kong Polytechnic University in October, 2011. Mr. Yu has been a member of HKICPA since July, 2015.

Mr. Yu does not hold any current or past directorship in the last three years preceding the Latest Practicable Date in any public companies listed on any securities market in Hong Kong or overseas.

Ms. CHUNG Ngar Yu Alice (鍾雅如), was appointed as one of our joint company secretaries of our Group in October, 2019. For further details of her background, please refer to the sub-section headed “Senior management” above.

COMPLIANCE OFFICER

Mr. Aris Goh is the compliance officer of our Company. For further details of his background, please refer to the sub-section headed “Executive Directors” above.

CORPORATE GOVERNANCE

We are committed to achieving high standards of corporate governance with a view of safeguarding the interests of our Shareholders as a whole. We will comply with the Corporate Governance Code after Listing. Any deviation will be carefully considered, and the reasons for such deviation will be given in our interim report and annual report in respect of the relevant period.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee on 24 April, 2020 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraph C.3 of the Corporate Governance Code. The members of the audit committee comprise Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary. The chairlady of the audit committee is Ms. Lei Dan. The primary duties of the audit committee are mainly to make recommendations to our Board on the appointment and removal of the external auditor, review the financial statements and related materials and provide advice in respect of the financial reporting process and oversee the internal control procedures of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Remuneration committee

Our Company established a remuneration committee on 24 April, 2020 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules, and paragraph B.1 of the Corporate Governance Code. The members of the remuneration committee comprise Mr. Kwok Kin Kwong Gary, Mr. John Lim Boon Kiat and Ms. Anita Chia. The chairman of the remuneration committee is Mr. Kwok Kin Kwong Gary. The primary duties of the remuneration committee are mainly to make recommendations to our Board on the overall remuneration policy and structure relating to our Directors and senior management of our Group, review and evaluate performance in order to make recommendations on the remuneration package of each of our Directors and senior management personnel as well as other employee benefit arrangements.

Nomination committee

Our Company established a nomination committee on 24 April, 2020 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The members of the nomination committee comprise Mr. Aris Goh, Ms. Lei Dan and Mr. John Lim Boon Kiat. The chairman of the nomination committee is Mr. Aris Goh. The nomination committee is mainly responsible for making recommendations to our Board on the appointment of Directors and the management of our Board succession.

BOARD DIVERSITY POLICY

We have adopted the board diversity policy (the “**Board Diversity Policy**”) which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a number of factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. Our nomination committee is delegated by our Board to be responsible for compliance with relevant code governing board diversity under the Corporate Governance Code. After Listing, our nomination committee will review the Board Diversity Policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the Board Diversity Policy on an annual basis.

Our Board members have a balanced mix of experiences and background, including but not limited to experiences in artisanal bakery chain retailing, Japanese and Western fast casual dining, sales and marketing, accounting, financial services as well as fashion and design industries. Our Board members obtained degrees in various majors including banking and finance, business and commerce and business administration. We have three independent non-executive Directors with different industry backgrounds, and they together represent more than half of the members of our Board. Our Board members has a wide range of age, ranging from 37 years old to 55 years old. Moreover, our Board comprises

DIRECTORS AND SENIOR MANAGEMENT

three male Directors and two female Directors. We will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole, and we will continue to take steps to promote gender diversity at all levels of our Company.

DIRECTOR'S INTEREST

Except as disclosed in this prospectus, each of our Directors (i) had no other relationship with any Director, senior management, Substantial Shareholder or controlling Shareholder of our Company as at the Latest Practicable Date; (ii) did not hold any other directorships in listed public companies in the three years immediately prior to the date of this prospectus; and (iii) each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date. Except as disclosed in this prospectus, none of the members of our senior management holds any directorships in listed public companies in the three years prior to the date of this prospectus.

DIRECTOR AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors receive remuneration in the form of salaries and employer's contributions to defined contribution plans. The total remuneration paid to our Director for 2018 financial year, 2019 financial year and four months ended 31 October, 2019 was approximately S\$61,643, S\$66,133 and S\$24,180, respectively. Further details of the arrangement for remuneration are set out in Note 8 to the Accountant's Report in Appendix I to this prospectus.

During the Track Record Period, one of our executive Directors, Mr. Aris Goh received remuneration in the sum of S\$31,175, S\$33,772 and S\$11,986 for 2018 financial year, 2019 financial year and four months ended 31 October, 2019, respectively, and our other executive Director, Ms. Anita Chia received remuneration in the sum of S\$30,468, S\$32,361 and S\$12,194 for 2018 financial year, 2019 financial year and four months ended 31 October, 2019, respectively. The said remuneration of Mr. Aris Goh and Ms. Anita Chia are considered to be reasonable and in line with the then prevailing market rates, having taken into account (i) the circumstances of our Group (including the scale and location of our operations, nature and complexity of our business, and profit levels); and (ii) the experience, responsibilities and workload of our executive Directors.

It is proposed that, conditional upon the Listing, the total remuneration (including salaries, allowance, discretionary bonuses, employer's contributions to defined contribution plans and other benefits) of each of our executive Directors, Mr. Aris Goh and Ms. Anita Chia, for the year ending 30 June, 2020 will be increased to S\$0.1 million, taking into consideration their duties and responsibilities of being a director of a listed company and the expected increase in their workload after Listing. Our Directors do not foresee any material adverse change on our Group's financial performance as a result of the increment in the remuneration package of our executive Directors.

The aggregate remuneration of our five highest non-director paid individuals for 2018 financial year, 2019 financial year and the four months ended 31 October, 2019 amounted to S\$212,766, S\$202,336 and S\$67,512, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Under the arrangement currently in force, we estimate the total compensation to be paid or accrued to our Directors for the year ending 30 June, 2020 to be approximately S\$0.2 million.

We did not pay to our Directors or the five highest paid individuals any inducement fees to join us or as compensation for loss of office for 2018 financial year, 2019 financial year and the four months ended 31 October, 2019. Furthermore, none of our Directors waived any compensation for the same periods.

Save as disclosed above, no other payments have been paid or are payable, in respect of 2018 financial year, 2019 financial year and the four months ended 31 October, 2019 by us or any of our subsidiaries to our Directors.

COMPLIANCE ADVISER

We have appointed Anglo Chinese as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any announcements, circulars or financial reports under any applicable laws, rules, codes and guidelines;
- where a transaction, which might be discloseable or being a notifiable or connected transaction under Chapter 17, 19 and, or 20 of the GEM Listing Rules, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of us in respect of unusual price movement and trading volume or other issues under Rule 17.11 of the GEM Listing Rules

The terms of the appointment shall commence on the Listing Date and end on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is earlier, and such appointment shall be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/ interested immediately after completion of the Capitalisation Issue and the Share Offer ⁽¹⁾	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
AA Food Holdings ⁽²⁾	Beneficial interest	153,000,000 (L)	63.75%
Mr. Aris Goh ⁽²⁾	Interest in a controlled corporation	153,000,000 (L)	63.75%
Ms. Anita Chia ⁽²⁾	Interest in a controlled corporation	153,000,000 (L)	63.75%
Dunman Capital Global Limited ⁽³⁾	Beneficial interest	27,000,000 (L)	11.25%
Mr. Yang ⁽³⁾	Interest in a controlled corporation	27,000,000 (L)	11.25%
Ms. Zhong Hua ⁽⁴⁾	Interest of spouse	27,000,000 (L)	11.25%

Notes:

1. The letter "L" denotes the entity's long position in our Shares.
2. AA Food Holdings is directly owned by Mr. Aris Goh and Ms. Anita Chia in equal share. Since (i) Mr. Aris Goh is the spouse of Ms. Anita Chia; and (ii) AA Food Holdings is owned by Mr. Aris Goh and Ms. Anita Chia in equal share, each of Mr. Aris Goh and Ms. Anita Chia is deemed to be interested in all the Shares held by AA Food Holdings under the SFO.
3. Dunman Capital Global Limited is wholly-owned by Mr. Yang. As such, Mr. Yang is deemed to be interested in all the Shares held by Dunman Capital Global Limited under the SFO.
4. Ms. Zhong Hua is the spouse of Mr. Yang. Accordingly, Ms. Zhong Hua is deemed or taken to be interested in all the Shares which Mr. Yang is interested in under the SFO.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any person who will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), have interests or short positions in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), our Company will be owned as to 63.75% by AA Food Holdings, which is an investment holding company owned by Mr. Aris Goh and Ms. Anita Chia, the spouse of Mr. Aris Goh, in equal shares. Accordingly, AA Food Holdings, Mr. Aris Goh and Ms. Anita Chia shall be regarded as a group of Controlling Shareholders under the GEM Listing Rules.

NO COMPETING INTERESTS

Each of our Controlling Shareholders and Directors has confirmed that, he/she/it does not have and their respective close associates do not have interest in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account of the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates (other than our Group) after Listing.

Financial independence

We have our own accounting and finance team and make financial decisions according to our own business needs. We have our own financial management system, internal control and accounting systems, accounting and finance department and independent treasury function for cash receipts and payments, and the ability to operate independently from our Controlling Shareholders from a financial perspective.

During the Track Record Period, our Group had certain amounts due from our Controlling Shareholders, namely Mr. Aris Goh and Ms. Anita Chia. Please refer to the section headed "FINANCIAL INFORMATION — Related party transactions" in this prospectus and Note 25 of the Accountant's Report in Appendix I to this prospectus for further details. Our Directors confirm that all amounts due from our Controlling Shareholders, which are non-trade in nature, will be fully settled prior to Listing. Please refer to the section headed "FINANCIAL INFORMATION — Dividend" for further details.

As at 30 June, 2018, 30 June, 2019 and 31 October, 2019, we had bank borrowings totalling approximately S\$0.8 million, S\$1.6 million and S\$1.0 million, respectively and which were secured by personal guarantees granted by Mr. Aris Goh and Ms. Anita Chia. Please refer to the section headed "FINANCIAL INFORMATION — Indebtedness" in this prospectus and Note 22 of the Accountant's Report in Appendix I to this prospectus for further details. The aforesaid personal guarantees given by our Controlling Shareholders will be discharged by: (i) repayment of the relevant banking facilities prior to Listing; and, or (ii) replacement with corporate guarantees given by our Company upon Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, the lease in respect of our Proofer (United Square) was secured by a personal guarantee granted by Ms. Anita Chia in favour of the relevant landlord. The aforesaid personal guarantee given by Ms. Anita Chia will be discharged and replaced by a corporate guarantee given by our Company upon Listing.

Having considered that (i) our future operations are not expected to be financed by our Controlling Shareholders and we are capable of obtaining future financing from third parties without the support of our Controlling Shareholders; (ii) the amounts due from our Controlling Shareholders will be fully settled; and (iii) the personal guarantees given by our Controlling Shareholders in relation to our banking facilities and the lease of our Proofer (United Square) will be discharged prior to or upon Listing, our Directors consider that our Group is financially independent from our Controlling Shareholders and, or any of their respective close associates.

Operational independence

Save as the employment of certain employees who are connected or deemed to be connected to our Controlling Shareholders as disclosed in the section headed “CONNECTED TRANSACTIONS” in this prospectus, our operations are independent of and not connected with any of our Controlling Shareholders. Having considered that (i) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities; (ii) our Group has not shared our operational resources, such as customers, suppliers, marketing, sale and general administration resources with our Controlling Shareholders and, or their close associates; and (iii) our Controlling Shareholders have no interest in any of our customers, suppliers or other business partners that are important to our operations, our Directors consider that our Group can operate independently from our Controlling Shareholders and, or any of their respective close associates.

Management independence

Our management and operational decisions are made by our Board and our senior management personnel. Our Board comprises two executive Directors and three independent non-executive Directors. Other than being our executive Directors, Mr. Aris Goh and Ms. Anita Chia are also directors of AA Food Holdings, which is also our Controlling Shareholder. Save as disclosed above, none of our Directors serves any executive or managerial role in AA Food Holdings.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the best interest of our Group and not to allow any conflict between his or her duties as a Director and his or her personal interest. Our independent non-executive Directors have extensive experience in various professions and they have been appointed pursuant to the requirements under the GEM Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors with different backgrounds provides a balance of views and opinions to our operation and prospect. Our Board acts collectively by majority decisions in accordance with the Articles and applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

In the event that there is a potential conflict of interest arising from any transaction to be entered into between our Group and any of our Directors or their respective close associates (other than members of our Group), the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transaction and shall not be counted in the quorum. In case both Mr. Aris Goh and Ms. Anita Chia are required to abstain from voting at the Board meeting due to potential conflict of interest, our three independent non-executive Directors will be able to form a quorum and will ensure that the decisions of our Board are made after due consideration of independent and impartial opinions.

In addition, our Group has an independent senior management team whose backgrounds are set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT — Senior management” in this prospectus, none of whom serves any executive or managerial role in AA Food Holdings.

CORPORATE GOVERNANCE MEASURES TO MANAGE CONFLICT OF INTERESTS

We have implemented corporate governance related policies and will adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

- (i) each Director being aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit of our Company and the Shareholders as a whole and does not allow any conflict of interests between his/her duties as a Director and his/her personal interests. Our Articles of Association require each Director to declare to our Board any potential conflict of interest with our Group at Board meetings. Our Articles of Association provide that a Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving any contract or arrangement or other proposal in which he/she or any of his or her close associates is materially interested unless otherwise permitted by the Articles. Our Board (including our independent non-executive Directors) will monitor the potential conflict of interest of Directors and our Directors have to submit confirmations to the Board disclosing details of any interests in competing businesses in any interim or annual reports to be issued by our Company. If potential conflict of interest arises, the interested Director(s) will bring the matter to our independent non-executive Directors and abstain from voting on such proposed resolution;
- (ii) our Company has engaged Anglo Chinese as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the GEM Listing Rules and any other applicable laws and regulations; and
- (iii) our independent non-executive Directors may engage independent professional advisers in appropriate circumstances at our Company's costs.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group and to protect the interests of our Shareholders and in particular our minority Shareholders.

SHARE CAPITAL

SHARE CAPITAL

The share capital of our Company immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) will be as follows:

Authorised share capital:

	<i>HK\$</i>
600,000,000	6,000,000
Shares of par value of HK\$0.01 each	

Assuming the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme are not exercised, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

Shares issued and to be issued, fully paid or credited as fully paid, upon completion of the Capitalisation Issue and the Share Offer:

	<i>HK\$</i>
1,000	10
179,999,000	1,799,990
60,000,000	600,000
Shares in issue as at the date of this prospectus	
Shares to be issued pursuant to the Capitalisation Issue	
Shares to be issued pursuant to the Share Offer	
240,000,000	2,400,000
Shares in total	

Assuming the Offer Size Adjustment Option is exercised in full and the options which may be granted under the Share Option Scheme are not exercised, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

Shares issued and to be issued, fully paid or credited as fully paid, upon completion of the Capitalisation Issue and the Share Offer:

	<i>HK\$</i>
1,000	10
179,999,000	1,799,990
69,000,000	690,000
Shares in issue as at the date of this prospectus	
Shares to be issued pursuant to the Capitalisation Issue	
Shares to be issued pursuant to the Share Offer	
249,000,000	2,490,000
Shares in total	

SHARE CAPITAL

ASSUMPTIONS

The above tables assume that the Share Offer becomes unconditional and does not take into account any Shares to be allotted and issued pursuant to the exercise of any options to be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate and Repurchase Mandate as described below or otherwise.

MINIMUM PUBLIC FLOAT

According to Rule 11.23(7) of the GEM Listing Rules, at the time of Listing and at all times thereafter, at least 25% of the total issued share capital of our Company are required to be held by the public (as defined in the GEM Listing Rules).

RANKING

The Offer Shares, including our Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options to be granted under the Share Option Scheme, will rank *pari passu* in all respects with all other Shares in issue or to be issued as mentioned in this prospectus, and in particular, will rank in full for all dividends and other distributions declared, paid or made on our Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

CAPITALISATION ISSUE

Pursuant to the resolutions of the Shareholders passed on 24 April, 2020, subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares by our Company pursuant to the Share Offer, our Directors were authorised to capitalise an amount of HK\$1,799,990 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 179,999,000 Shares for allotment and issue to the Shareholder(s) whose name(s) appear on the register of members or the principal share register of our Company on the Business Day immediately preceding the Listing Date in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their respective shareholdings in our Company, and the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are set out in the section headed “STATUTORY AND GENERAL INFORMATION — Share Option Scheme” in Appendix IV to this prospectus.

SHARE CAPITAL

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions stated in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares not exceeding the sum of:

- (i) 20% of the aggregate number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme); and
- (ii) the aggregate number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

Our Directors may, in addition to our Shares which they are authorised to issue under this mandate, allot, issue and deal with our Shares pursuant to (a) a rights issue; (b) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by our Company or any securities which are exchangeable into Shares; (c) the exercise of the subscription rights under options granted under the Share Option Scheme or any other similar arrangement of our Company from time to time adopted for the grant or issue to officers and, or employees and, or consultants and, or advisers of our Company and, or any of its subsidiaries and, or other persons of Shares or rights to acquire Shares; or (d) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association.

The Issue Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Companies Law to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

Please refer to the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 3. Written resolutions of the Shareholders passed on 24 April, 2020” in Appendix IV in this prospectus for further details of the Issue Mandate.

SHARE CAPITAL

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions stated in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase not more than 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer, exclusive of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options that may be granted under the Share Option Scheme.

The Repurchase Mandate relates only to repurchases made on GEM and, or on any other stock exchange on which our Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 6. Repurchase of our Shares by our Company” in Appendix IV in this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company’s next annual general meeting;
- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Companies Law to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

Please refer to the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our Group — 3. Written resolutions of the Shareholders passed on 24 April, 2020” in Appendix IV to this prospectus for further details about the Repurchase Mandate.

CIRCUMSTANCES WHERE GENERAL MEETINGS AND CLASS MEETINGS ARE REQUIRED

Our Company has only a single class of Shares, namely ordinary Shares, with each Share ranking *pari passu* with the other shares.

The circumstances under which general meeting and class meeting are required are provided in the Articles. Please refer to the sections headed “SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW — 2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares” and “SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW — 2. Articles of Association — (a) Shares — (iii) Alteration of capital” in Appendix III to this prospectus for further details.

THE CORNERSTONE PLACING

On 27 April, 2020, we have entered into a cornerstone investment agreement (the “**Cornerstone Investment Agreement**”) with, among others, Riverine China Holdings Limited (浦江中國控股有限公司), (the “**Cornerstone Investor**”), which has agreed to subscribe for, at the Offer Price, such number of Placing Shares (rounded down to the nearest whole board lot of 2,500 Shares) (the “**Investor Shares**”) that may be purchased with HK\$5,000,000 (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) (the “**Cornerstone Placing**”). The Cornerstone Investor will fund the cornerstone investment (the “**Cornerstone Investment**”) by its internal resources.

The Cornerstone Investor is listed on the Main Board of the Stock Exchange (stock code: 1417). As confirmed by the representative of the Cornerstone Investor (“**Representative**”), the entering into the Cornerstone Investment Agreement will not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and therefore, the Cornerstone Investor will not be required to obtain approval from the Stock Exchange or its shareholders before entering into the Cornerstone Investment Agreement.

As the Cornerstone Investor is an established company listed on the Stock Exchange, the Directors are of the view that the Cornerstone Investment will be an effective means to signal to the investing public that the Share Offer is a trusted and worthwhile investment. In addition, the Cornerstone Investment will support the Share Offer and reduce the risk of under-subscription.

The Representative has further confirmed that a senior officer of one of the Underwriters, CRIC Securities Company Limited, notified him of the proposed Listing in November, 2019. The Representative subsequently analysed the information contained in the application proof of the Company and the industry of the Group, and decided to pursue the Cornerstone Investment.

Assuming an Offer Price of HK\$0.9, being the low-end of the indicative Offer Price range, the total number of Investor Shares would be 5,555,000, representing approximately (i) 9.3% of the Offer Shares, assuming that the Offer Size Adjustment Option is not exercised; (ii) 8.1% of the Offer Shares, assuming that the Offer Size Adjustment Option is exercised in full; (iii) 2.3% of the Shares in issue upon completion of the Share Offer, assuming that the Offer Size Adjustment Option is not exercised; and (iv) 2.2% of the Shares in issue upon completion of the Share Offer, assuming that the Offer Size Adjustment Option is fully exercised.

Assuming an Offer Price of HK\$1.0, being the mid-point of the indicative Offer Price range, the total number of Investor Shares would be 5,000,000, representing approximately (i) 8.3% of the Offer Shares, assuming that the Offer Size Adjustment Option is not exercised; (ii) 7.3% of the Offer Shares, assuming that the Offer Size Adjustment Option is exercised in full; (iii) 2.1% of the Shares in issue upon completion of the Share Offer,

CORNERSTONE INVESTOR

assuming that the Offer Size Adjustment Option is not exercised; and (iv) 2.0% of the Shares in issue upon completion of the Share Offer, assuming that the Offer Size Adjustment Option is fully exercised.

Assuming an Offer Price of HK\$1.1, being the high-end of the indicative Offer Price range, the total number of Investor Shares would be 4,545,000, representing approximately (i) 7.6% of the Offer Shares, assuming that the Offer Size Adjustment Option is not exercised; (ii) 6.6% of the Offer Shares, assuming that the Offer Size Adjustment Option is exercised in full; (iii) 1.9% of the Shares in issue upon completion of the Share Offer, assuming that the Offer Size Adjustment Option is not exercised; and (iv) 1.8% of the Shares in issue upon completion of the Share Offer, assuming that the Offer Size Adjustment Option is fully exercised.

The Cornerstone Placing will form part of the Placing and the Cornerstone Investor will not subscribe for any Offer Share under the Share Offer other than pursuant to the Cornerstone Investment Agreement. The Investor Shares will rank *pari passu* in all respects with the other fully paid Shares in issue and will be counted towards the public float of our Company under Rule 11.23 of the GEM Listing Rules. Immediately following a completion of the Share Offer, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a Substantial Shareholder of our Company. The Investor Shares will not be affected by any reallocation of the Offer Shares between the Public Offer and the Placing as described in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus.

The Directors and the Representative have confirmed that: (i) there is no defer settlement in respect of the Investor Shares; and (ii) other than the Cornerstone Investment Agreement, there is no side agreement or arrangement made between the Company and the Cornerstone Investor.

The Representative has confirmed that: (i) the Cornerstone Investor is not accustomed to take instructions from the Company, the Directors, chief executive of the Company, Substantial Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates; and (ii) the Cornerstone Investment will not be financed by the Company, the Directors, chief executive, Substantial Shareholders, or existing Shareholders or any of its subsidiaries or their respective close associates.

To the best knowledge of our Directors, the Cornerstone Investor is an Independent Third Party, and it is not our connected person or an existing shareholder of our Group or their respective close associates. In addition, the Cornerstone Investor is independent of the Company, its connected persons and their respective associates, and makes independent investment decisions. No special rights have been granted to the Cornerstone Investor as part of the Placing.

Details of allocations to the Cornerstone Investor will be disclosed in the announcement of allotment results of our Company to be published on or about Friday, 15 May 2020.

CORNERSTONE INVESTOR

Riverine China Holdings Limited is an exempted company incorporated under the laws of Cayman Islands with limited liability on 27 July 2016, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1417). Riverine China Holdings Limited, through its operating subsidiaries and investments in associated companies, provides a wide range of property management services and valued-added services to a variety of properties in the PRC.

CONDITIONS PRECEDENT

The subscription obligation of the Cornerstone Investor is subject to, among other things, the satisfaction of the following conditions precedent:

- (a) the Underwriting Agreements being entered into and having become effective and unconditional by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;
- (b) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters of the Share Offer);
- (c) the GEM Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Investor Shares as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Share Offer or herein and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions;
- (e) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investor under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Cornerstone Investor; and
- (f) the respective representations, warranties, undertakings and confirmations of the Company under the Cornerstone Investment Agreement are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreement on the part of the Company.

CORNERSTONE INVESTOR

RESTRICTION ON DISPOSAL OF SHARES BY THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed, covenanted with and undertaken to our Company, the Joint Global Coordinators and the Sole Sponsor that without the prior written consent of each of our Company, the Joint Global Coordinators and the Sole Sponsor, the Cornerstone Investor will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the “**Lock-up Period**”), dispose of any Investor Shares subscribed by it pursuant to the Cornerstone Investment Agreement or any interest in any company or entity holding any Investor Shares.

Our Company has acknowledged that, after the expiry of the Lock-up Period, the Cornerstone Investor shall, subject to requirements under applicable laws, be free to dispose of any Investor Shares, provided that the Cornerstone Investor shall notify our Company and the Joint Global Coordinators in writing prior to the disposal in compliance with the SFO and all other applicable laws.

FINANCIAL INFORMATION

*You should read this section in conjunction with our combined financial information and accompanying notes (the “**Historical Financial Information**”) set out in the Accountant’s Report set out in Appendix I to this prospectus. Our Historical Financial Information has been prepared in accordance with the IFRSs. You should read the entire Accountant’s Report and not merely rely on the information contained in this section.*

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group’s expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further details, please refer to the section headed “RISK FACTORS” in this prospectus.

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are a fast-growing multi-brand Singapore-based food and beverage group that offers broad customer appeal. As at the Latest Practicable Date, we operated and managed a total of 26 food establishments in Singapore, comprising:

- i. 16 artisanal bakery outlets under “*Proofer*” brand selling a wide selection of bakery products;
- ii. three bakery outlets under “*300 BC*” brand selling fresh bakery products, including breads and cakes at economical prices;
- iii. five Japanese fast casual dining restaurants (comprising four eateries with seating available and one takeaway shop) under “*Yuba Hut*” brand. In addition, one of our “*Yuba Hut*” restaurants offers a unique dining experience where food is served to our customers through a miniature “bullet train” rail system;
- iv. one Western fast casual dining restaurant under “*Proofer*” brand with seating available for customers who want to enjoy our artisanal bakery products and light refreshment; and
- v. one Western fast casual dining restaurant under “*Laura*” brand serving our signature “protein bowls” and artisanal bakery products.

FINANCIAL INFORMATION

During the Track Record Period, we derived all of our revenue from (i) sales from our bakery outlets under “*Proofer*” and “*300 BC*” brands; and (ii) sales from our fast casual dining restaurants under “*Yuba Hut*”, “*Laura*” and “*Proofer*” brands. Our revenue increased from approximately S\$9.6 million for 2018 financial year to approximately S\$16.3 million for 2019 financial year, representing an increase of approximately 70.1%. Such increase was mainly attributable to the increase in revenue of S\$4.6 million contributed by seven new bakery outlets, one “*Proofer*” restaurant and two “*Yuba Hut*” restaurants during 2019 financial year. Our revenue increased from approximately S\$4.1 million for the four months ended 31 October, 2018 to approximately S\$5.4 million for the four months ended 31 October, 2019, representing an increase of approximately 30.2%. Such increase was mainly attributable to the four additional bakery outlets and two new “*Yuba Hut*” restaurants which commenced operations after end of October, 2018.

Our profit after tax for the year increased 68.5% from approximately S\$0.9 million for 2018 financial year to approximately S\$1.5 million for 2019 financial year, largely as a result of the increase in our revenue caused by the expansion of our bakery outlets and restaurants network during 2019 financial year. Excluding the Listing expenses incurred during 2019 financial year, our adjusted profit after tax amounted to approximately S\$2.7 million.

We recorded a loss attributable to owners of the Company of approximately S\$0.8 million for the four months ended 31 October, 2019 compared with a profit attributable to owners of the Company of approximately S\$0.2 million for the corresponding period in 2018, representing a decrease of approximately S\$1.0 million, or 481.6%. Such decrease was largely due to the incurrence of Listing expenses totalling S\$1.2 million during the four months ended 31 October, 2019. Excluding such Listing expenses, our adjusted profit after tax for the four months ended 31 October, 2019 amounted to approximately S\$0.4 million, representing an increase of approximately S\$0.2 million, or 100.9%, compared with the corresponding period in 2018. Such increase was mainly a result of the increase in our revenue generated from an enlarged network of bakery outlets and restaurants.

We recorded net current liabilities of approximately S\$0.5 million and S\$0.3 million as at 30 June, 2018 and 30 June, 2019, respectively. These net current liabilities positions were primarily attributable to the recognition of our lease liabilities as current liabilities with the adoption of IFRS 16. As at 31 October, 2019, we recorded net current assets of approximately S\$0.2 million. Our total current lease liabilities amounted to approximately S\$2.5 million, S\$3.8 million and S\$3.9 million as at 30 June, 2018, 30 June, 2019 and 31 October, 2019, respectively.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 16 May, 2019. In preparation of the Listing, our Group underwent the Reorganisation which is described in the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE” in this prospectus. Upon completion of the Reorganisation, our Company has become the holding company of the companies now comprising our Group.

The historical financial information of Company has been prepared in accordance with applicable IFRSs, International Accounting Standards and Interpretations issued by the International Accounting Standards Board, on the basis of the presentation as set out in Note 2.1 to the Accountant’s Report included in Appendix I to this prospectus.

Our Group has adopted IFRS 16 “Leases” consistently throughout the Track Record Period which is mandatorily effective for annual period beginning on 1 January, 2019. IFRS 16 results in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. According to this standard, an asset (the right to use of the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Having considered the potential impacts on our financial statements, we have decided to apply it consistently throughout the Track Record Period. For details of basis of presentation and preparation, please refer to Notes 1.3 and 2.1 of the Accountant’s Report in Appendix I to this prospectus.

The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires our management team to exercise our judgement in the process of applying our accounting policies. Areas involving a higher degree of judgement or complexity, and areas where assumptions and estimates are significant to the historical financial information are set out in Note 4 to the Accountant’s Report in Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed “RISK FACTORS” in this prospectus, some of which are beyond our control.

General factors

Our business and results of operations are affected by general factors affecting the food and beverage industry in Singapore, including Singapore’s overall economic growth, competition, the increase in per capita disposable income and the growth in consumer spending in Singapore. Unfavourable changes in any of these general factors could materially and adversely affect our results of operations.

FINANCIAL INFORMATION

Specific factors

Our results of operations are also affected by certain factors specific to our Group, including the following major factors:

(i) Number of outlets in operation

Our revenue primarily depends on the number of our outlets that are in operation, newly opened and, or closed during the period under review. The following table shows a breakdown of our revenue classified by types of outlets for the periods indicated:

	FY2018			FY2019			Four months ended 31 October, 2018			Four months ended 31 October, 2019		
	Number of store	Total revenue S\$	% of revenue %	Number of store	Total revenue S\$	% of revenue %	Number of store	Total revenue S\$	% of revenue %	Number of store	Total revenue S\$	% of revenue %
Bakery outlets												
"Proofer" brand	13	7,535,605	78.6	16	9,746,421	59.7	13	2,649,597	64.0	15	3,018,848	56.0
"300 BC" brand	1	2,199	—	3	1,221,958	7.5	2	248,541	6.0	3	467,006	8.7
Sub-total	14	7,537,804	78.6	19	10,968,379	67.2	15	2,898,138	70.0	18	3,485,854	64.7
Fast casual dining restaurants												
Japanese — "Yuba Hut" brand	4	1,976,483	20.6	6	3,541,570	21.7	4	735,049	17.8	6	1,319,374	24.5
Western — "Laura" and "Proofer" brands	1	77,016	0.8	2	1,809,418	11.1	2	503,970	12.2	2	583,336	10.8
Sub-total	5	2,053,499	21.4	8	5,350,988	32.8	6	1,239,019	30.0	8	1,902,710	35.3
Total	19	9,591,303	100.0	27	16,319,367	100.0	21	4,137,157	100.0	26	5,388,564	100.0

FINANCIAL INFORMATION

The following tables show a further breakdown of our revenue contributed by our bakery outlets and, or restaurants which were in operation during the entire Track Record Period, newly opened and, or closed during the year/period:

Bakery outlets

	Outlets in operation throughout the entire year/period	Outlets opened during the year/period	Outlets closed during the year/period	Total
For 2018 financial year				
Revenue (S\$)	6,523,330	310,836	703,638	7,537,804
Percentage of total revenue (%)	68.0	3.2	7.4	78.6
Number of outlets	9	2	3	14
Average revenue per outlet (S\$)	—	—	—	538,415
For 2019 financial year				
Revenue (S\$)	6,683,009	3,734,792	550,578	10,968,379
Percentage of total revenue (%)	41.0	22.8	3.4	67.2
Number of outlets	9	9	1	19
Average revenue per outlet (S\$)	—	—	—	577,283
For the four months ended				
31 October, 2018				
Revenue (S\$)	2,380,714	335,501	181,923	2,898,138
Percentage of total revenue (%)	57.5	8.1	4.4	70.0
Number of outlets	11	3	1	15
Average revenue per outlet (S\$)	—	—	—	193,209
For the four months ended				
31 October, 2019				
Revenue (S\$)	2,311,456	1,174,398	—	3,485,854
Percentage of total revenue (%)	42.9	21.8	—	64.7
Number of outlets	11	7	—	18
Average revenue per outlet (S\$)	—	—	—	193,659

FINANCIAL INFORMATION

Fast casual dining restaurants

	Restaurants in operation throughout the year/ period	Restaurants opened during the year/period	Restaurants closed during the year/period	Total
For 2018 financial year				
Revenue (S\$)	1,499,357	554,142	—	2,053,499
Percentage of total revenue (%)	15.6	5.8	—	21.4
Number of restaurants	2	3	—	5
Average revenue per restaurant (S\$)	—	—	—	410,700
For 2019 financial year				
Revenue (S\$)	1,586,610	3,764,378	—	5,350,988
Percentage of total revenue (%)	9.7	23.1	—	32.8
Number of restaurants	2	6	—	8
Average revenue per restaurant (S\$)	—	—	—	668,874
For the four months ended				
31 October, 2018				
Revenue (S\$)	980,065	258,954	—	1,239,019
Percentage of total revenue (%)	23.7	6.3	—	30.0
Number of outlets	5	1	—	6
Average revenue per outlet (S\$)	—	—	—	206,503
For the four months ended				
31 October, 2019				
Revenue (S\$)	1,109,972	792,737	—	1,902,710
Percentage of total revenue (%)	20.6	14.7	—	35.3
Number of outlets	5	3	—	8
Average revenue per outlet (S\$)	—	—	—	237,839

Please refer to the section headed “BUSINESS — Our operations — Historical changes in our bakery outlets and fast casual dining restaurants” in this prospectus for further details of the movement in the number of our bakery outlets and restaurants during the Track Record Period and up to the Latest Practicable Date.

FINANCIAL INFORMATION

(ii) *Raw materials and consumables used*

We purchase raw materials and consumables to support and maintain stable operations of our bakery outlets, restaurants and central kitchen. The cost of raw materials and consumables used is one of the major components of our operating costs.

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i> (unaudited)	<i>S\$ million</i>
Raw materials and consumable used	2.4	3.3	1.0	1.1
% of revenue for the same year/period	24.6%	20.1%	23.2%	21.3%

The cost of raw materials and consumables used as a percentage of our revenue will continue to be an important indicator of the overall efficiency and profitability of our business operations. Accordingly, any change in the market prices of raw materials and consumables will have a direct impact on our profitability and results of operations.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in the cost of raw materials and consumables used (of plus and, or minus 2%, 4% and 6%) on our profit before income tax for each of the two years and the four months ended 31 October, 2019 during the Track Record Period.

Hypothetical fluctuation in raw materials and consumables used

	+2%	-2%	+4%	-4%	+6%	-6%
	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>	<i>S\$</i>
Changes in profit before income tax						
For 2018 financial year	(47,207)	47,207	(94,414)	94,414	(141,621)	141,621
For 2019 financial year	(65,649)	65,649	(131,297)	131,297	(196,946)	196,946
For the four months ended 31 October, 2019	(22,957)	22,957	(45,914)	45,914	(68,871)	68,871

Note: The hypothetical movements of plus and, or minus 2%, 4% and 6% referred to in the table above are determined based on the range of Singapore's Food Price Index of CAGR of approximately 1.7% in Singapore according to the Euromonitor Report.

FINANCIAL INFORMATION

(iii) Employee benefit cost

Our employee benefit costs include (i) wage, salaries and allowances; (ii) employer's contribution to defined contribution plans; and (iii) foreign worker levy and skills development levy,

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	<i>S\$ million</i>	<i>S\$ million</i>	<i>S\$ million</i> (unaudited)	<i>S\$ million</i>
Employee benefit cost	2.6	3.8	1.2	1.4
% of revenue for the same year/period	27.0%	23.1%	27.9%	26.4%

Our Group's bakery and restaurant operations highly rely on the day-to-day management by our experienced managerial and other staff, and interaction with our customers regularly, which is critical for maintaining quality and consistency of our services as well as our brand and reputation. Furthermore, to sustain the growth of our business, our Group is required to open new bakery outlets and restaurants, and to increase and retain our skilled workforce. Accordingly, we experienced increase in employee benefit costs during the Track Record Period. Any adjustments to our headcounts and wages paid to our employees will have a direct impact on our results of operations.

According to the Euromonitor Report, the introduction of foreign manpower tightening policies by the Singapore Government has reduced labour supply and pushed wages up in Singapore. Therefore, the increases in salary level of workforce in the food and beverage industry in Singapore and competition among the operators may increase our Group's costs associated with hiring and retaining staff.

The MOM prescribes minimum wages for some of the workers (that is, S Class work passes) in Singapore. Accordingly, we determine and pay our employees according to (i) the market demand and supply of the labour; (ii) the skill set, capabilities and competencies; and (iii) relevant laws and regulations.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations in the employee benefit costs (of plus and, or minus 5%, 10% and 15%) on our profit before taxation for each of the two years and the four months ended 31 October, 2019 during the Track Record Period.

FINANCIAL INFORMATION

Hypothetical fluctuation in employee benefit costs

	+5%	-5%	+10%	-10%	+15%	-15%
	S\$	S\$	S\$	S\$	S\$	S\$
Changes in profit before income tax						
For 2018 financial year	(129,620)	129,620	(259,241)	259,241	(388,861)	388,861
For 2019 financial year	(188,823)	188,823	(377,647)	377,647	(566,470)	566,470
For the four months ended 31 October, 2019	(71,251)	71,251	(142,501)	142,501	(213,752)	213,752

Note: The hypothetical movements of plus and, or minus 5%, 10% and 15% referred to in the table above are determined based on the average CAGR of approximately 4.2% in Singapore according to the Euromonitor Report.

(iv) Cost of leasing of our bakery outlets, restaurant premises, head office and central kitchen

We lease all of our bakery outlets, restaurant premises, central kitchen and head office. Accordingly, we are exposed to market fluctuations of property rentals in Singapore, and changes in our cost of leasing will have a direct impact on our profitability. As at the Latest Practicable Date, we leased 28 properties from Independent Third Parties, and of which 19 premises were used as our bakery outlets, seven premises were used as our restaurants and the remaining two premises were used as our head office and central kitchen in Singapore. Please refer to the section headed “BUSINESS — Our property interests — Leased properties” in this prospectus for further details.

In accordance with IFRS 16 on lease accounting, we have recognised all of our property leases as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for our use based on the present value of total future lease payments over the entire lease term. Upon recognition, the right-of-use assets are subject to periodic depreciation over the lease term while interest expenses are periodically accounted for in respect of the outstanding lease liabilities over the lease term. Interest expenses are also accrued for provision for reinstatement cost which is expected to be incurred at the end of each lease term. Please refer to Note 2.19 of the Accountant’s Report in Appendix I to this prospectus for further details of the lease liabilities.

FINANCIAL INFORMATION

Taking into account all property rental and rental-related expenses stated above, our costs of leasing of our bakery outlets, restaurant premises, head office and central kitchen during the Track Record Period are as follows:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Expenses under short-term lease and variable lease payments	151,291	300,689	66,912	89,348
Depreciation of right-of-use assets arised from leased properties	2,141,230	3,834,080	1,139,420	1,414,672
Interest expense on lease liabilities	603,559	1,024,353	290,718	359,045
Total	2,896,080	5,159,122	1,497,050	1,863,065

Hypothetical fluctuations in rental-related expenses on short-term leases of our bakery outlets, restaurants premises, head office and central kitchen

	+5%	-5%	+10%	-10%	+15%	-15%
	S\$	S\$	S\$	S\$	S\$	S\$
Changes in profit before income tax						
For 2018 financial year	(144,804)	144,804	(289,608)	289,608	(434,412)	434,412
For 2019 financial year	(257,956)	257,956	(515,912)	515,912	(773,868)	773,868
For the four months ended 31 October, 2019	(93,153)	93,153	(186,307)	186,307	(279,460)	279,460

Note: The hypothetical movements of plus and, or minus 5%, 10% and 15% referred to in the table above are determined based on the range of rental prices for retail premises in Orchard area, Central area and outside Central area of CAGR of approximately -2.6%, -4.3% and -4.3% in Singapore according to the Euromonitor Report.

FINANCIAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

We have identified certain accounting policies that are significant to the preparation of our Group's combined financial statements. Some of the accounting policies involve subjective assumptions and estimates, and complex judgements relating to accounting items. The determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial information, you should consider (i) our selection of accounting policies; and (ii) the results of changes in conditions and assumptions. We set out below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial information. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are described more fully in Notes 2 and 4 of the Accountant's Report in Appendix I to this prospectus.

Revenue recognition

Revenue from the sales of bakery products is recognised at the point in time when our bakery products are delivered, and in relation to our dining operations, we recognise revenue when our services are rendered to the customers, being the provision of food as a single performance obligation and when payment is received at the same time. Please refer to the section headed "BUSINESS — Customer settlement and cash management" in this prospectus for further details.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method and comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

New and amended standards adopted by our Group

IFRS 16

We lease all of our bakery outlets, restaurants, central kitchen, office and motor vehicle. After due and careful consideration and taking into account the significance of the operating leases to our Group, we have elected to adopt IFRS 16 consistently throughout the Track Record Period.

IFRS 16 "Leases" requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Payments associated with short-term leases (that is, with a lease term of less than 12 months) and leases of low-value assets are recognised on a straight-line basis as "rental expenses" in the statement of comprehensive income.

FINANCIAL INFORMATION

Following the early adoption of IFRS 16, property leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by our Group. Each lease payment is allocated between the liability and finance cost instead of rental expenses. The finance cost is charged 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 table below summarises the impact arising from the adoption of IFRS 16 on certain key items of our combined statements of comprehensive income, combined statements of financial position, and combined statements of cashflow:

For our combined statements of comprehensive income

(\$)	Net profit/(loss)		
	FY2018	FY2019	Four months ended 31 October, 2019
As if reported without adoption of IFRS 16	1,044,233	1,779,091	(584,925)
Currently reported under IFRS 16	<u>861,174</u>	<u>1,451,338</u>	<u>(769,691)</u>
Difference	<u>(183,059)</u>	<u>(327,753)</u>	<u>(184,766)</u>

For our combined statements of financial position

(\$)	Total assets			Total liabilities			Net assets		
	As at 30 June, 2018	As at 31 October, 2019	As at 31 October, 2019	As at 30 June, 2018	As at 31 October, 2019	As at 31 October, 2019	As at 30 June, 2018	As at 31 October, 2019	As at 31 October, 2019
As if reported without adoption of IFRS 16	6,540,937	12,498,875	12,146,309	2,546,064	6,496,483	5,417,631	4,327,298	6,366,792	7,083,443
Currently reported under IFRS 16	<u>19,377,762</u>	<u>29,351,183</u>	<u>27,646,239</u>	<u>15,775,152</u>	<u>24,197,235</u>	<u>21,917,390</u>	<u>3,602,610</u>	<u>5,153,948</u>	<u>5,731,757</u>
Difference	<u>12,836,825</u>	<u>16,852,308</u>	<u>15,499,930</u>	<u>13,229,088</u>	<u>17,700,752</u>	<u>16,499,759</u>	<u>(724,688)</u>	<u>(1,212,844)</u>	<u>(1,351,686)</u>

For our combined statement of cash flow

(\$)	Operating cash flows before changes in working capital			Net cash generated from/(used in) financing activities		
	FY2018	FY2019	Four months ended 31 October, 2019	FY2018	FY2019	Four months ended 31 October, 2019
As if reported without adoption of IFRS 16	1,533,499	2,771,199	(321,831)	1,150,483	1,989,314	536,096
Currently reported under IFRS 16	<u>4,027,507</u>	<u>7,193,957</u>	<u>1,295,584</u>	<u>(1,294,331)</u>	<u>(2,445,405)</u>	<u>(1,069,927)</u>
Difference	<u>2,494,008</u>	<u>4,422,758</u>	<u>1,617,415</u>	<u>(2,444,814)</u>	<u>(4,434,719)</u>	<u>(1,606,023)</u>

FINANCIAL INFORMATION

We have also adopted IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” which have been mandatorily effective for the financial year beginning on or after 1 January, 2018. The adoption of these two accounting policies do not have a significant impact on the financial position and performance of the Group during the Track Record Period.

RESULTS OF OPERATIONS OF OUR GROUP

The following table summarises the combined statements of profit or loss during the Track Record Period, details of which are set out in the Accountant’s Report in Appendix I to this prospectus:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Revenue	9,591,303	16,319,367	4,137,157	5,388,564
Other income	43,065	165,959	23,018	43,917
Other losses	(7,640)	(29,538)	—	(56,424)
Raw materials and consumables used	(2,360,353)	(3,282,434)	(958,192)	(1,147,858)
Employee benefit cost	(2,592,407)	(3,776,468)	(1,155,772)	(1,425,010)
Expenses under short-term lease and variable lease payments	(151,291)	(300,689)	(66,912)	(89,348)
Depreciation of right-of-use assets	(2,141,230)	(3,846,261)	(1,140,959)	(1,420,081)
Depreciation of plant and equipments	(328,515)	(501,531)	(136,320)	(183,600)
Listing expense	—	(1,279,667)	—	(1,174,908)
Other expenses	(502,810)	(652,111)	(212,047)	(299,773)
Finance income	27	69	3	12
Finance costs	(632,618)	(1,104,646)	(318,208)	(403,201)
Profit/(loss) before income tax	<u>917,531</u>	<u>1,712,050</u>	<u>171,768</u>	<u>(767,710)</u>
Income tax (expense)/credit	(56,357)	(260,712)	29,936	(1,981)
Profit/(loss) and total comprehensive income/ (loss) for the year/period attributable to the owners of our Company	<u>861,174</u>	<u>1,451,338</u>	<u>201,704</u>	<u>(769,691)</u>

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR LINE ITEMS IN OUR COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We generated all of our revenue through our bakery outlets and restaurants, totalling approximately S\$9.6 million, S\$16.3 million, S\$4.1 million and S\$5.4 million for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively. The following table sets forth our revenue breakdown by bakery outlets and restaurants for the years and periods indicated:

	2018	2019	Four	Four
	financial	financial	months	months
	year	year	ended	ended
	S\$	S\$	31 October,	31 October,
			2018	2019
			S\$	S\$
Bakery outlets	7,537,804	10,968,379	2,898,138	3,485,854
Fast casual dining restaurants				
— Japanese	1,976,483	3,541,570	735,049	1,319,374
— Western	<u>77,016</u>	<u>1,809,418</u>	<u>503,970</u>	<u>583,336</u>
Total revenue	<u><u>9,591,303</u></u>	<u><u>16,319,367</u></u>	<u><u>4,137,157</u></u>	<u><u>5,388,564</u></u>

Please refer to the table of our revenue breakdown classified by our bakery outlets, restaurants, and brands in the sub-section headed “Major factors affecting our financial conditions and results of operations — Specific factors — (i) Number of outlets in operation” above for further details.

Same outlets and restaurants sales comparison

Our profitability is affected in part by our ability to achieve growth in revenue from our existing outlets and expand our bakery outlet and restaurant base.

We analyse the sales of our same bakery outlets and restaurants during the Track Record Period in two parts. First, we compare and analyse the annual sales of our bakery outlets and restaurants which were in operation throughout the entire Track Record Period. Secondly, we looked at sales (in each financial year) of those bakery outlets and restaurants which were opened and, or closed, and therefore operated for less than 24 months, during the Track Record Period.

FINANCIAL INFORMATION

I. Comparison of sales of our bakery outlets and restaurants that were in operation during the entire period

The table below sets out the sales of our bakery outlets and restaurants that were in operation during the full 2018 financial year and 2019 financial year:

	FY2018	FY2019	Movement
	S\$	S\$	%
<i>“Proofer” artisanal bakery outlets</i>			
1. Chinatown Point	324,442	468,451	44.4
2. Sun Plaza	471,062	483,657	2.7
3. Tanjong Pagar Centre	1,073,839	1,146,206	6.7
4. Changi City Point	319,532	348,762	9.1
5. Heartland Mall	1,071,221	980,916	(8.4)
6. Tampines 1	758,547	618,220	(18.5)
7. Compass One	1,051,356	1,091,076	3.8
8. Seletar Mall	408,427	416,424	2.0
9. Hillion Mall	1,044,904	1,129,296	8.1
<i>Subtotal</i>	6,523,330	6,683,008	2.4
<i>“Yuba Hut” restaurants</i>			
1. Hillion Mall	687,768	738,130	7.3
2. Heartland Mall	811,589	848,480	4.5
<i>Subtotal</i>	1,499,357	1,586,610	5.8
Total	8,022,687	8,269,618	3.1

Note: All of our “300 BC” bakery outlets, “Proofer” restaurant and “Laura” restaurant were opened during 2018 financial year and 2019 financial year and are therefore excluded from the table above.

FINANCIAL INFORMATION

The table below sets out the sales of our bakery outlets and restaurants that were in operation during the entire four months ended 31 October, 2018 and 2019:

	Four months ended 31 October, 2018 S\$	Four months ended 31 October, 2019 S\$	Movement %
“Proofer” artisanal bakery outlets			
1. Changi City Point	93,523	88,988	(4.8)
2. Tampines 1	205,279	168,244	(18.0)
3. Seletar Mall	120,281	124,989	3.9
4. Sun Plaza	150,383	148,980	(0.9)
5. Chinatown Point	116,249	124,086	6.7
6. Heartland Mall	323,013	312,146	(3.4)
7. Compass One	371,426	320,841	(13.6)
8. Tanjong Pagar Center	375,984	374,905	(0.3)
9. Hillion Mall	356,923	352,148	(1.3)
10. Northpoint City	<u>145,958</u>	<u>190,094</u>	<u>30.2</u>
Subtotal	<u>2,259,019</u>	<u>2,205,421</u>	<u>(2.4)</u>
“300 BC” bakery outlets			
1. Century Square	121,695	106,035	(12.9)
Subtotal	<u>121,695</u>	<u>106,035</u>	<u>(12.9)</u>
“Yuba Hut” restaurants			
1. Hillion Mall	207,090	229,557	10.8
2. Heartland Mall	239,398	280,190	17.0
3. Northpoint City	208,631	245,793	17.8
4. Junction 8	<u>79,930</u>	<u>66,738</u>	<u>(16.5)</u>
Subtotal	<u>735,049</u>	<u>822,278</u>	<u>11.9</u>
“Laura” restaurant			
1. Laura Café	245,016	287,695	17.4
Subtotal	<u>245,016</u>	<u>287,695</u>	<u>17.4</u>
Total	<u><u>3,360,779</u></u>	<u><u>3,421,429</u></u>	<u><u>1.8</u></u>

Note: Our “Proofer” restaurant was opened during the four months ended 31 October, 2018 and is therefore excluded from the table above.

FINANCIAL INFORMATION

In relation to those of our bakery outlets and restaurants which were in operation during the entire 2018 financial year and 2019 financial year, our nine “*Proofer*” artisanal bakery outlets achieved an overall same store year-on-year growth rate of approximately 2.4% for 2019 financial year, and our two “*Yuba Hut*” restaurants recorded a same store year-on-year growth rate of approximately 5.8% for the same period, giving a combined same store (outlets and restaurants) growth rate of approximately 3.1%.

In relation to those of our bakery outlets and restaurants which were in operation during the entire four months ended 31 October, 2018 and 2019, our ten “*Proofer*” artisanal bakery outlets recorded an overall same store year-on-year decline rate of approximately 2.4% for the four months ended 31 October, 2019, one “*300 BC*” bakery outlet recorded an overall same store year-on-year decline rate of approximately 12.9%, four “*Yuba Hut*” restaurants achieved a same store year-on-year growth rate of approximately 11.9%, and one “*Laura*” restaurants achieved an overall same store year-on-year growth rate of approximately 17.4% for the same period, giving a combined same store (outlets and restaurants) growth rate of approximately 1.8%.

The same store sales of our “*Proofer*” artisanal bakery outlets increased approximately S\$0.2 million, or 2.4% from S\$6.5 million for 2018 financial year to S\$6.7 million for 2019 financial year mainly due to:

- i. an increase of approximately S\$0.7, or 13.2% in the overall average spending per transaction from S\$5.3 for 2018 financial year to S\$6.0 for 2019 financial year; and
- ii. an increase in the same store revenue of Proofer (Chinatown Point) of S\$0.1 million, or 44.4% from S\$0.3 million for 2018 financial year to S\$0.5 million for 2019 financial year as a result of an increase in (a) the number of transactions from 65,458 for 2018 financial year, to 73,688 for 2019 financial year; and (b) the average spending per transaction from S\$5.0 for 2018 financial year to S\$6.4 for 2019 financial year. We believe that such increase was largely attributable to the increase in customer traffic flow at Chinatown Point, as partially offset by a decrease in the same store revenue of Proofer (Tampines 1) by approximately S\$0.1 million, or 18.5% from S\$0.8 million for 2018 financial year to S\$0.6 million for the following year as a result of a decrease in the number of transactions from 132,829 for 2018 financial year to 97,284 for 2019 financial year as competition intensified when a shopping mall in the vicinity, Century Square was re-opened, in June, 2018 after nine months of renovation.

The same store sales of our two “*Yuba Hut*” restaurants increased in aggregate S\$87,253, or 5.8% from S\$1.5 million for 2018 financial year to S\$1.6 million for 2019 financial year mainly due to an increase in the total number of transactions and average spending per transactions. The total number of transactions increased from 42,575 for 2018 financial year to 42,611 for 2019 financial year. The average spending per transaction increased slightly from S\$36.5 for 2018 financial year to S\$38.1 for 2019 financial year as a result of a price adjustment under our “*Yuba Hut*” restaurants.

FINANCIAL INFORMATION

The aggregate same store sales of our “*Proofer*” artisanal bakery outlets decreased approximately S\$53,599, or 2.4% from S\$2.3 million for the four months ended 31 October, 2018 to S\$2.2 million for the four months ended 31 October, 2019 partly due to the decrease of S\$37,035 in same store revenue of Proofer (Tampines 1) during the four months ended 31 October, 2019 and Proofer (Changi City) Point which saw a decrease of S\$4,535 during the same period, as customer traffic flow decreased in these malls after the opening of a new megamall in the east side of Singapore. The decrease in the aggregate same store sales was also due to the decrease in revenue of Proofer (Compass One) by S\$50,585, or 13.6% mainly resulting from the opening of a competitor within Compass One Mall that has intensified the competition. Furthermore, the revenue of Proofer (Heartland Mall) decreased by S\$10,867, or 3.4% mainly due to an expansion of a competitor next to Heartland Mall that also intensified the competition within the same area. During the four months ended 31 October, 2019, the revenue of Proofer (Sun Plaza), Proofer (Tanjong Pagar Center) and Proofer (Hillion Mall) decreased by 0.9%, 0.3% and 1.3%, respectively, which remained relatively stable.

The same store sales of our “*300 BC*” Century Square bakery outlet decreased S\$15,660, or 12.9% from S\$121,695 for the four months ended 31 October, 2018 to S\$106,035 for the four months ended 31 October, 2019 mainly due to a decrease in customer traffic flow in the shopping mall (which housed the outlet) after the opening of a new megamall in the east side of Singapore.

The same store sales of our four “*Yuba Hut*” restaurants increased in aggregate S\$87,228, or 11.9% from S\$0.7 million for the four months ended 31 October, 2018 to S\$0.8 million for the four months ended 31 October, 2019 mainly due to revision of menus of these restaurants by including set meal options, that attracted additional customers.

The same store sales of our “*Laura*” restaurant increased S\$42,679, or 17.4% from approximately S\$0.2 million for the four months ended 31 October, 2018 to approximately S\$0.3 million for the four months ended 31 October, 2019 on the each of introductions of new food items onto the restaurant menu, and which led to an increase in average spending per transaction.

FINANCIAL INFORMATION

II. Sales of bakery outlets and restaurants which were in operation for less than 24 months during the two years ended 30 June, 2019

The table below sets out the sales of our bakery outlets and restaurants which were opened and, or closed during 2018 financial year and, or 2019 financial year. These outlets and restaurants were in operation for less than 24 months during 2018 financial year and 2019 financial year, and most of them were opened during 2019 financial year:

	Period of operation	FY2018 S\$	FY2019 S\$
“Proofer” artisanal bakery outlets			
1. Paya Lebar Square	December, 2014 – December, 2017	115,452	—
2. Takashimaya	November, 2015 – September, 2017	18,611	—
3. Wisma Atria	May, 2016 – April, 2019	569,575	550,578
4. Northpoint City	December, 2017 – Present	308,638	568,397
5. Tampines Mall	July, 2018 – Present	—	549,414
6. Oasis Terraces	October, 2018 – Present	—	400,236
7. AMK Hub	November, 2018 – Present	—	384,609
8. White Sands	January, 2019 – Present	—	155,048
9. POIZ Centre	March, 2019 – Present	—	455,129
		1,012,276	3,063,411
Subtotal			
“300 BC” bakery outlets			
1. Century Square	June, 2018 – Present	2,199	411,667
2. Simei MRT	August, 2018 – Present	—	474,088
3. Pioneer MRT	January, 2019 – Present	—	336,203
		2,199	1,221,958
Subtotal			

FINANCIAL INFORMATION

	Period of operation	FY2018 S\$	FY2019 S\$
“Yuba Hut” restaurants			
1. Northpoint City	December, 2017 – Present	456,166	779,524
2. Junction 8	May, 2018 – Present	20,960	259,703
3. White Sands	December, 2018 – Present	—	664,195
4. POIZ Centre	March, 2019 – Present	—	251,538
		477,126	1,954,960
“Proofer” restaurant			
1. Century Square	June, 2018 – Present	77,016	902,068
“Laura” restaurant			
1. United Square	July, 2018 – Present	—	907,350
		77,016	1,809,418
		1,568,617	8,049,747

The table below sets out the sales of our bakery outlets and restaurants which were opened and, or closed during the four months ended 31 October, 2018 and 2019. These outlets and restaurants were in operation for less than four months during the four months ended 31 October 2018 and 2019:

	Period of operation	Four months ended 31 October, 2018 S\$	Four months ended 31 October, 2019 S\$
“Proofer” artisanal bakery outlets			
1. Tampines Mall	July, 2018 — Present	170,990	150,869
2. Oasis Terraces	October, 2018 — Present	37,665	121,376
3. AMK Hub	November, 2018 — Present	—	122,154
4. White Sands	January, 2019 — Present	—	91,575
5. POIZ Centre	March, 2019 — Present	—	327,453
6. Wisma Atria	May, 2016 — April, 2019	181,923	—
		390,578	813,427

FINANCIAL INFORMATION

		Four months ended 31 October, 2018 S\$	Four months ended 31 October, 2019 S\$
	Period of operation		
“300 BC” bakery outlets			
1.	Simei MRT August, 2018 — Present	126,846	126,358
2.	Pioneer MRT January, 2019 — Present	—	234,613
	Subtotal	126,846	360,971
“Yuba Hut” restaurants			
1.	White Sands December, 2018 — Present	—	275,518
2.	POIZ Centre March, 2019 — Present	—	221,578
	Subtotal	—	497,096
“Proofer” restaurant			
1.	United Square July, 2018 — Present	258,954	295,641
	Subtotal	258,954	295,641
	Total	776,378	1,967,135

The aggregate sales from our outlets and restaurants which were in operation for less than 24 months during the two years ended 30 June, 2019, increased from approximately S\$1.6 million for 2018 financial year to approximately S\$8.0 million for 2019 financial year. Such increase was mainly due to the opening of ten new bakery outlets and restaurants in 2019 financial year which contributed approximately S\$4.6 million sales, as partially offset by the closure of Proofer (Wisma Atria), Proofer (Takashimaya) and Proofer (Paya Lebar Square) bakery outlets in April, 2019, September, 2017 and December, 2017, respectively. Sales from those bakery outlets and restaurants (which were in operation for less than four months during the four months ended 31 October, 2018 and 2019) increased from approximately S\$0.8 million for the four months ended 31 October, 2018 to approximately S\$2.0 million for the four months ended 31 October, 2019 largely as a result of the opening of six new bakery outlets and restaurants (which were in operation during the four months ended 31 October, 2019) which collectively contributed S\$1.3 million sales.

FINANCIAL INFORMATION

Other income

The following table sets out a breakdown of our other income and the percentage of other income to total revenue during the Track Record Period:

	FY2018		FY2019		Four months ended 31 October, 2018		Four months ended 31 October, 2019	
	S\$	%	S\$	%	S\$	%	S\$	%
Government grant	36,047	83.7	158,893	95.7	23,018	100.0	43,917	100.0
Others	<u>7,018</u>	<u>16.3</u>	<u>7,066</u>	<u>4.3</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u><u>43,065</u></u>	<u><u>100.0</u></u>	<u><u>165,959</u></u>	<u><u>100.0</u></u>	<u><u>23,018</u></u>	<u><u>100.0</u></u>	<u><u>43,917</u></u>	<u><u>100.0</u></u>
% of other income to total revenue for the same year/period		0.4%		1.0%		0.6%		0.8%

For 2018 financial year and 2019 financial year, other income amounted to S\$43,065 and S\$165,959, representing approximately 0.4% and 1.0% of our total revenue, respectively. For the four months ended 31 October, 2018 and 2019, other income amounted to S\$23,018 and S\$43,917, representing approximately 0.6% and 0.8% of our total revenue, respectively.

Other income mainly consists of the government grants from Special Employment Credit (SEC) granted by MOM, the Wage Credit Scheme (WCS) granted by Inland Revenue Authority of Singapore, as well as the Capability Development Grant (CDG) (now replaced by Enterprise Development Grant) which is a programme that helps small and medium-sized enterprises in Singapore to build their capabilities across ten key business areas by Enterprise Singapore, a Singapore government agency championing enterprise development.

As announced at Singapore Budget 2016, the SEC was extended for three years from 2017 to 2019 to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 a month. As announced at Singapore Budget 2018, WCS would be extended for three years from 2018 to 2020 to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018 and stepped down to 15% in 2019 and 10% in 2020.

FINANCIAL INFORMATION

Other losses

Other losses primarily consist of (i) the write-off on the disposal of plant and equipment due to closure of the three artisanal bakery outlets at Takashimaya, Paya Lebar Square and Wisma Atria during the Track Record Period; and (ii) foreign exchange losses arising from translational differences of HKD-denominated cash balances. The following table sets out the breakdown of other losses during the Track Record Period:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Plant and equipment written-off	7,640	14,227	—	939
Foreign exchange loss	<u>—</u>	<u>15,311</u>	<u>—</u>	<u>55,485</u>
Total	<u><u>7,640</u></u>	<u><u>29,538</u></u>	<u><u>—</u></u>	<u><u>56,424</u></u>

Raw materials and consumables used

Raw materials and consumables used was one of our major expenditure during the Track Record Period, and which amounted to approximately S\$2.4 million, S\$3.3 million, S\$1.0 million and S\$1.1 million for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively.

FINANCIAL INFORMATION

Raw materials and consumables used primarily consist of (i) food ingredients, such as flours, dairy products, fresh and frozen meat, seafood, vegetables, seasonings and beverages; and (ii) packaging materials used in our operations, such as plastic bags and paper boxes. Set below is the breakdown of raw materials and consumables used by types and the percentage of these costs to total revenue during the Track Record Period:

	FY2018		FY2019		Four months ended 31 October, 2018		Four months ended 31 October, 2019	
	S\$	%	S\$	%	S\$	%	S\$	%
Cost of food ingredients	2,188,828	92.7	3,049,109	92.9	905,441	94.5	1,086,743	94.7
Cost of packaging materials	<u>171,525</u>	<u>7.3</u>	<u>233,325</u>	<u>7.1</u>	<u>52,751</u>	<u>5.5</u>	<u>61,115</u>	<u>5.3</u>
Total	<u><u>2,360,353</u></u>	<u><u>100.0</u></u>	<u><u>3,282,434</u></u>	<u><u>100.0</u></u>	<u><u>958,192</u></u>	<u><u>100.0</u></u>	<u><u>1,147,858</u></u>	<u><u>100.0</u></u>
% of total cost of raw materials and consumables used to total revenue for the same year/period		24.6%		20.1%		23.2%		21.3%

Cost of food ingredients

As discussed in the section headed “BUSINESS — Inventory management” in this prospectus, the production head of our central kitchen, chef in-charge, baker in-charge and shop in-charge of each of our bakery outlets and restaurants monitor and communicate regularly with our procurement and operation manager the inventory level of food ingredients at our central kitchen and each of our bakery outlets and restaurants. They are also responsible for placing purchase orders for food ingredients with our pre-approved suppliers.

Cost of food ingredients represents the amounts paid or payable to our suppliers for the procurement of food ingredients as stated above. Our cost of food ingredients amounted to approximately S\$2.2 million, S\$3.0 million, S\$0.9 million and S\$1.1 million for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively, representing approximately 92.7%, 92.9%, 94.5% and 94.7% of our total raw materials and consumables used for the same periods, respectively.

Cost of packaging materials

Cost of packaging materials represents the amounts paid or payable to our suppliers for the procurement of packaging materials for our bakery outlets and restaurants. Our cost of packaging materials amounted to S\$171,525, S\$233,325, S\$52,751 and S\$61,115 for 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, respectively, representing approximately 7.3%, 7.1%, 5.5% and 5.3% of our total raw materials and consumables used for the same periods, respectively.

FINANCIAL INFORMATION

Employee benefit cost

The following table sets forth the breakdown of our employee benefits cost and the percentage of such cost to total revenue during the Track Record Period:

	FY2018		FY2019		Four months ended 31 October, 2018 (unaudited)		Four months ended 31 October, 2019	
	S\$	% of total	S\$	% of total	S\$	% of total	S\$	% of total
Wages, salaries and allowances	2,140,947	82.6	3,306,799	87.6	961,113	83.2	1,166,688	81.9
Employer's contribution to defined contribution plans	163,798	6.3	253,286	6.7	69,099	6.0	101,220	7.1
Others	<u>287,662</u>	<u>11.1</u>	<u>216,383</u>	<u>5.7</u>	<u>125,560</u>	<u>10.9</u>	<u>157,102</u>	<u>11.0</u>
Total	<u><u>2,592,407</u></u>	<u><u>100.0</u></u>	<u><u>3,776,468</u></u>	<u><u>100.0</u></u>	<u><u>1,155,772</u></u>	<u><u>100.0</u></u>	<u><u>1,425,010</u></u>	<u><u>100.0</u></u>
% of employee benefit cost to total revenue for the same year/ period		27.0%		23.1%		27.9%		26.4%

Our employee benefit cost comprises (i) wages, salaries and allowances paid to our employees, including our Directors, managerial and operation staff; (ii) post-employment benefits schemes contributions; and (iii) levies on foreign workers and skills development imposed by the Singapore Government. Our employee benefit cost is one of the largest components of our operating expenses during the Track Record Period. The number of our full-time employees (based on the number of employees as at financial year end) increased by 13, or 15.3% from 85 for 2018 financial year to 98 for 2019 financial year, while the number of our part-time employees (based on the number of employees as at financial year end) increased by 30, or 83.3% from 36 for 2018 financial year to 66 for 2019 financial year. For each of 2018 financial year, 2019 financial year, the four months ended 31 October, 2018 and 2019, our employee benefit costs accounted for approximately 27.0%, 23.1%, 27.9% and 26.4% of our total revenue, respectively.

FINANCIAL INFORMATION

Cost of leasing for our operations

Our cost of leasing for operations represented rental related costs for leasing our bakery outlets, restaurants, head office, central kitchen premises and motor vehicles as shown in the table below.

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Expenses under short-term lease and variable lease payments	151,291	300,689	66,912	89,348
Depreciation of right-of-use assets	2,141,230	3,846,261	1,140,959	1,420,081
Interest expense on lease liabilities	603,559	1,024,353	290,718	359,045
Total cost of leasing	2,896,080	5,171,303	1,498,589	1,868,474
 % of cost of leasing to total revenue for the same year/period	 30.2%	 31.7%	 36.2%	 34.7%

In accordance with IFRS 16 on lease accounting, we have recognised all our leases as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for our use based on the present value of total future lease payments over the entire lease term. Upon recognition, the right-of-use assets are subject to periodic depreciation over the lease term while interest expenses are periodically accounted for in respect of the outstanding lease liabilities over the lease term. For further details of the lease liabilities, please refer to Note 2.19 of the Accountant's Report in Appendix I to this prospectus.

As at the Latest Practicable Date, we leased a total of 28 properties in Singapore from Independent Third Parties of which one is used as our office, seven are used as our restaurants, 19 are used as our bakery outlets and one is used as our central kitchen. For further details of our leased premises, please refer to the section headed "BUSINESS – Our property interests — Leased properties" in this prospectus.

FINANCIAL INFORMATION

Depreciation of plant and equipment

Depreciation expense arises from the systematic allocation of the costs, less respective residual value of our plant and equipment over their respective useful lives. The table below sets forth the breakdown of our depreciation expense and the percentage of depreciation expense to total revenue during the Track Record Period:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Depreciation expense				
— plant and equipment				
Leasehold improvements	216,119	326,285	86,556	113,795
Machineries	69,004	104,449	30,039	40,672
Furniture and fittings	18,367	28,879	8,259	11,340
Computer and IT equipment	<u>25,025</u>	<u>41,918</u>	<u>11,466</u>	<u>17,793</u>
Total	<u><u>328,515</u></u>	<u><u>501,531</u></u>	<u><u>136,320</u></u>	<u><u>183,600</u></u>
 % of depreciation expense to total revenue for the same year/period	 3.4%	 3.1%	 3.3%	 3.4%

FINANCIAL INFORMATION

Other expenses

Other expenses consist of (i) utility expenses; (ii) delivery agent service charges; (iii) auditor's remuneration; (iv) legal and professional fees; and (v) others. The table below sets forth the breakdown of our other expenses during the Track Record Period:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Utility expenses	207,801	333,896	69,809	139,818
Delivery agent service charges	100,837	161,918	49,127	54,443
Auditor's remuneration	—	8,000	2,667	2,667
Legal and professional fees	63,770	22,926	—	4,229
Others	<u>130,402</u>	<u>125,371</u>	<u>90,444</u>	<u>98,616</u>
Total other expenses	<u>502,810</u>	<u>652,111</u>	<u>212,047</u>	<u>299,773</u>

% of total other expenses to
revenue for the same
year/period

	5.2%	4.0%	5.1%	5.6%
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Utility expenses represent electricity and water charges. The proportion of utility expenses to our total revenue during the Track Record Period remained stable as shown in the table below.

% of utility expenses to revenue
for the same year/period

	2.2%	2.0%	1.7%	2.6%
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FINANCIAL INFORMATION

Delivery agent service charges

Delivery agent service charges are the commission paid to third party online delivery services platforms for their online delivery services offered for most of our bakery outlets and restaurants, and which is computed based on a fixed percentage of sales executed via an online delivery service platform. The agreed percentage is stated in the merchant agreements signed with our delivery partners.

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Delivery agent service charges	100,837	161,918	49,127	54,443
% of delivery agent service charges to total revenue for the same year/period	1.1%	1.0%	1.2%	1.0%

Others

Others principally consist of telecommunication, advertising and promotion and administration expense.

Listing expenses

Listing expenses comprises professional fees and other expenses incurred in connection to the Listing and which amounted to approximately S\$1.3 million and approximately S\$1.2 million for 2019 financial year and the four months ended 31 October, 2019, respectively.

Net finance costs

Net finance costs consist of (i) interest income on bank deposits; (ii) interest expense on lease liabilities; (iii) interest expense on bank borrowings; (iv) interest expense on provision for reinstatement; and (v) interest expense on unwinding of discount on rental deposits.

FINANCIAL INFORMATION

The table below sets forth the breakdown of our finance costs and the percentage of such costs to total revenue during the Track Record Period:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Interest income on bank deposits	27	69	3	12
Interest expense on lease liabilities	(603,559)	(1,024,353)	(290,718)	(359,045)
Interest expense on bank borrowings	(7,852)	(53,679)	(19,336)	(33,273)
Interest expense on provision for reinstatement	(2,721)	(18,885)	(3,639)	(7,400)
Interest expense on unwinding of discount on rental deposits	<u>(18,486)</u>	<u>(7,729)</u>	<u>(4,515)</u>	<u>(3,483)</u>
Finance costs, net	<u>(632,591)</u>	<u>(1,104,577)</u>	<u>(318,205)</u>	<u>(403,189)</u>
% of finance costs, net to total revenue for the same year/period	6.6%	6.8%	7.7%	7.5%

Net finance costs increased approximately S\$472,000, or 74.6% to S\$1,104,577 during 2019 financial year compared with 2018 financial year largely due to the increase in interest expenses on lease liabilities and bank borrowings. Net finance costs increased approximately S\$85,000, or 26.7% to S\$403,189 during the four months ended 31 October, 2019 compared with the corresponding period in 2018.

Interest expense on lease liabilities increased from S\$0.6 million for 2018 financial year to S\$1.0 million for 2019 financial year as we opened seven new bakery outlets and three restaurants during 2019 financial year. Interest expense on bank borrowings increased from S\$7,852 for 2018 financial year to S\$53,679 for 2019 financial year because of the additional bank loans we obtained during the latter period for funding the expansion of our bakery outlet and restaurant base.

Interest expense on lease liabilities increased from S\$0.3 million for the four months ended 31 October, 2018 to S\$0.4 million for the four months ended 31 October, 2019 as the number of our bakery outlets and restaurants increased during the four months ended 31 October, 2019. Interest expense on bank borrowings increased from S\$19,336 for the four months ended 31 October, 2018 to S\$33,273 for the four months ended 31 October, 2019 due to the take up of additional loans after the four months ended 31 October, 2018.

FINANCIAL INFORMATION

Income tax expense

Our operations are subject to Singapore profits tax of 17% on estimated assessable profit arising in Singapore. We had no tax obligations arising from other jurisdictions during the Track Record Period. For 2018 financial year and 2019 financial year, our income tax expenses were approximately S\$56,357 and S\$260,712, and our effective tax rate, calculated based on income tax expenses divided by profit before income tax, was approximately 6.1% and 15.2%, respectively. Although a majority of our operating subsidiaries enjoyed stepped income tax exemptions for 2019 financial year, the increase in effective tax rate was primarily due to non-tax deductible expenses such as Listing expenses which partially offset the tax exemptions and incentives allowed.

Set forth below is the breakdown of our income tax expenses for the periods indicated:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Current income tax	84,696	185,474	63,595	179,927
Deferred income tax	<u>(28,339)</u>	<u>75,238</u>	<u>(93,531)</u>	<u>(177,946)</u>
Income tax expenses/(credit)	<u><u>56,357</u></u>	<u><u>260,712</u></u>	<u><u>(29,936)</u></u>	<u><u>1,981</u></u>

Our effective tax rates were lower than the statutory rate in Singapore as a result of certain tax exemptions enjoyed by our Group. See section headed “REGULATORY OVERVIEW — Laws and regulations relating to companies in Singapore — Singapore taxation — Corporate tax” in the prospectus and Note 11 of the Accountant’s Report in Appendix I to the prospectus for further details.

FINANCIAL INFORMATION

A reconciliation of the tax expenses applicable to the profit before tax at the statutory applicable rates for the countries or jurisdictions in which our Group companies are reconciled to the tax expenses at our effective tax rate is as follows:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Profit/(loss) before tax	917,531	1,712,050	171,768	(767,710)
Tax calculated at the domestic tax rate of 17%	155,980	291,049	29,201	(130,511)
Tax effect of:				
— Singapore stepped income exemption	(71,384)	(202,091)	(22,320)	(40,315)
— Expenses not deductible for tax purpose	5,213	220,030	15,992	225,577
— Tax incentives	(33,452)	(55,904)	(54,758)	(54,040)
— Others	—	7,628	1,949	1,270
Income tax expenses/(credit)	<u>56,357</u>	<u>260,712</u>	<u>(29,936)</u>	<u>1,981</u>

The Group enjoys (1) tax incentives from corporate income tax rebate; and (2) tax exemptions from partial tax exemption or tax exemption scheme for new start-up companies. Corporate income tax rebate and partial tax exemption are made available for all Singapore resident companies. Tax exemption scheme for new start-up companies is made available for all Singapore resident companies and upon meeting certain ownership criteria. Upon Listing, the Group will continue to enjoy corporate income tax rebate and partial tax exemption. However, when the operating subsidiaries will be no longer be held by at least one shareholder who is an individual holding at least 10% of the ordinary shares, tax exemption scheme for new start-up companies will no longer be available. During the years ended 30 June, 2018, 30 June, 2019 and the four months ended 31 October, 2019, the Group enjoyed approximately S\$21,000, S\$63,000 and S\$21,000 of such tax exemption, respectively.

Non-IFRSs measures

We have presented below non-IFRSs financial information because our Directors consider these supplemental measures to be helpful for the Listing and other interested parties to assess the profitability of our business operation. These financial measures are unaudited and are not the measures of performance under the IFRSs. Although some of these financial measures are reconcilable to the line items in the financial information set

FINANCIAL INFORMATION

forth in the Accountant's Report in Appendix I to this prospectus, they should not be considered as measures comparable to, or substitutes for, items in our combined statement of comprehensive income, as determined in accordance with the IFRS.

Furthermore, these financial measures may not be comparable to other similarly titled measures used by other companies. The use of these non-IFRS measures has material limitation as it does not include all income and costs that impact our profit for the relevant years and should not be used as a substitute for an analysis of our financial results presented under the IFRSs.

Operating profit and operating profit margin

Our operating profit was calculated by total revenue less our major operating cost, namely, raw materials and consumables used, employee benefit cost, expenses under short-term lease and variable lease payments, depreciation of right-of-use assets, finance costs (excluding interest expense on bank borrowings) and depreciation of plant and equipment. Our operating profit margin was calculated based on the operating profit divided by the total revenue and multiplied by 100% for the relevant years. Set forth below is our operating profit and operating profit margin for the years indicated:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
Revenue	9,591,303	16,319,367	4,137,157	5,388,564
Raw materials and consumables used	(2,360,353)	(3,282,434)	(958,192)	(1,147,858)
Employee benefit cost	(2,592,407)	(3,776,468)	(1,155,772)	(1,425,010)
Expenses under short-term lease and variable lease payments	(151,291)	(300,689)	(66,912)	(89,348)
Depreciation of right-of-use assets	(2,141,230)	(3,846,261)	(1,140,959)	(1,420,081)
Depreciation of plant and equipments	(328,515)	(501,531)	(136,320)	(183,600)
Other expenses	(502,810)	(652,111)	(212,047)	(299,773)
Finance costs	(624,766)	(1,050,967)	(298,872)	(376,914)
Operating Profit	<u>889,931</u>	<u>2,908,906</u>	<u>168,083</u>	<u>445,981</u>
Operating Profit Margin (%)	<u>9.3%</u>	<u>17.8%</u>	<u>4.1%</u>	<u>8.3%</u>

Our operating profit increased S\$2.0 million, or 226.9% to approximately S\$2.9 million in 2019 financial year.

FINANCIAL INFORMATION

In general, our operating profit margin is a function of the profitability of each of our brands, which is in turn subject to various factors including our brand popularity, pricing strategies, and effectiveness of our marketing activities. Our operating profit margin improved to 17.8% for 2019 financial year (2018 financial year: 9.3%).

For the four months ended 31 October, 2019 our operating profit increased some S\$0.3 million, or 165.3% to approximately S\$0.5 million compared to the corresponding period in 2018, and operating profit margin decreased to 8.3% mainly due to a reduced number of customer visits to four of our “Proofer” bakery outlets and two “300 BC” bakery outlets located at the east side of Singapore as the opening of a new megamall nearby may have attracted customers there.

Operating Profit and Operating Profit Margin by brand

The following table sets forth our operating profit and operating profit margin by brand for the year/period indicated:

	FY2018		FY2019		Four months ended 31 October, 2018		Four months ended 31 October, 2019	
	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin	Operating Profit	Operating Profit Margin
	S\$	%	S\$	%	S\$	%	S\$	%
Bakery outlets								
“Proofer” brand	780,861	10.4	1,452,979	14.9	107,965	4.1	213,832	7.1
“300 BC” brand	(30,339)	—	92,844	7.6	5,266	2.1	16,653	3.6
Fast casual dining restaurants								
Japanese — “Yuba Hut” brand	210,059	10.6	704,363	19.9	20,154	2.7	133,009	10.1
Western — “Laura” and “Proofer” brands	(46,974)	—	686,401	37.9	55,535	11.0	103,827	17.8
Unallocated expenses	(23,676)		(27,681)		(20,837)		(21,340)	
Total	889,931	9.3	2,908,906	17.8	168,083	4.1	445,981	8.3

Operating profit of “Proofer” artisanal bakery outlets increased S\$0.7 million, or 86.1% to S\$1.5 million for 2019 financial year driven by an increase in revenue from S\$7.5 million for 2018 financial year to S\$9.7 million for 2019 financial year.

The improved operating profit margin for 2019 financial year resulted from the expansion of our outlet and restaurant network which led to economies of scale and increased bargaining power in obtaining better price and terms of our purchase of raw materials and consumables.

FINANCIAL INFORMATION

For the four months ended 31 October, 2019, operating profit of “*Proofer*” artisanal bakery outlets increased to S\$0.2 million for the four months ended 31 October, 2019 (2018: S\$0.1 million) as there were four more bakery outlets in operation during the period under review.

Operating profit margin of “*Proofer*” artisanal bakery outlets decreased from 14.9% for 2019 financial year to 7.1% for the four months ended 31 October, 2019 on the back of reduced sales from four “*Proofer*” bakery outlets located in the east side of Singapore following the opening of a new megamall in the vicinity, and which led to lower customer traffic in the malls in which our outlets are situated.

Our “*300 BC*” bakery outlets recorded an operating loss of approximately S\$30,339 for 2018 financial year and an operating profit of S\$92,844 for 2019 financial year. The operating loss was mainly due to one “*300 BC*” bakery outlet which was opened at the end of 2018 financial year and it had yet to achieve breakeven during 2018 financial year. The increase in operating profit in 2019 financial year was mainly due to (i) the full year operation of 300 BC (Century Square) that achieved operating breakeven during 2019 financial year; and (ii) an addition of two “*300 BC*” bakery outlet during the year. Our operating profit for our “*300 BC*” bakery outlets increased from approximately S\$5,266 for the four months ended 31 October, 2018 to S\$16,653 for the four months ended 31 October, 2019. Such increase was because 300 BC (Simei MRT) and 300 BC (Pioneer MRT) were in operation during the entire four months ended 31 October, 2019. The operating margin increased moderately from 2.1% for the four months ended 31 October, 2018 to 3.6% for the four months ended 31 October, 2019.

In relation to our “*Yuba Hut*” restaurants, our operating profit increased from approximately S\$0.2 million for 2018 financial year to approximately S\$0.7 million for 2019 financial year. Such increase was due to our increase in revenue as a result of the increase in the number of our “*Yuba Hut*” restaurants and the increase in operating profit margin from approximately 10.6% for 2018 financial year to approximately 19.9% for 2019 financial year. The increase in the operating profit margin was mainly due to (i) a different menu offered by Yuba Hut (White Sands) adopting the miniature “bullet train” concept and which resulted in higher operating margin; and (ii) the opening of Yuba Hut (Junction 8) at the end of 2018 financial year which began to generate operating profit in 2019 financial year.

Operating profit of “*Yuba Hut*” brand restaurants increased from S\$20,154 for the four months ended 31 October, 2018 to approximately S\$0.1 million for the four months ended 31 October, 2019 after the addition of two new restaurants during the four months ended 31 October, 2019. Operating profit margin of “*Yuba Hut*” restaurants decreased from 19.9% in 2019 financial year to 10.1% in the four months ended 31 October, 2019 as the growth in their fixed costs such as employee expenses and rental expenses outpaced their revenue growth.

In relation to our Western fast casual dining restaurants under “*Laura*” and “*Proofer*” brands, we recorded an operating loss of approximately S\$46,974 for 2018 financial year and an operating profit of S\$686,401 for 2019 financial year. We made an operating loss in 2018 financial year because Laura (Century Square) restaurant was only opened at the end

FINANCIAL INFORMATION

of 2018 financial year and it had yet to achieve breakeven during the year. We subsequently made an operating profit in 2019 financial year because (i) the Laura (Century Square) restaurant achieved breakeven during the year; and (ii) an addition of Proofer (United Square) restaurant in the same year.

Operating profit of our Western fast casual dining restaurants increased from approximately S\$55,535 for the four months ended 31 October, 2018 to approximately S\$0.1 million for the four months ended 31 October, 2019, due to (i) the full four months operation of Proofer (United Square); and (ii) the introduction of new food items which are higher-priced at Laura (Century Square). Operating profit margin of Western fast casual dining restaurants decreased from 37.9% in 2019 financial year to 17.8% in the four months ended 31 October, 2019 as growth in their fixed costs such as employee expenses and rental expenses outpaced their revenue growth.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

2018 financial year compared to 2019 financial year

Revenue

Our revenue significantly increased by approximately S\$6.7 million, or 70.1% from approximately S\$9.6 million for 2018 financial year to approximately S\$16.3 million for 2019 financial year. Such increment was mainly attributable to (i) the increase in same store sales of our bakery outlets and restaurants of 3.1% from approximately S\$8.0 million to approximately S\$8.3 million for 2018 and 2019 financial years, respectively; (ii) the opening of 10 stores, namely (1) 300 BC (Pioneer MRT); (2) 300 BC (Simei MRT); (3) Proofer (AMK Hub); (4) Proofer (Oasis Terraces); (5) Proofer (POIZ Centre); (6) Proofer (Tampines Mall); (7) Proofer (United Square); (8) Proofer (White Sands); (9) Yuba Hut (White Sands); (10) Yuba Hut (POIZ Centre) ("**new stores opened in 2019 financial year**") that contributed in aggregate approximately S\$4.6 million of sales in 2019 financial year; and (iii) the commencement of our Yuba Hut (Junction 8), 300 BC (Century Square) and Laura (Century Square) at around the end of 2018 financial year, and which generated full-year sales in 2019 financial year.

Please refer to the section headed "BUSINESS — Our operations — Historical changes in our bakery outlets and fast casual dining restaurants" in this prospectus for details of changes in the number of our bakery outlets and restaurants during the Track Record Period and up to the Latest Practicable Date.

Other income

Other income increased by approximately S\$122,894, or 285.4% from approximately S\$43,065 for 2018 financial year to approximately S\$165,959 for 2019 financial year. Such increase was mainly due to an increase in government grants from S\$36,047 to S\$158,893 as a result of (i) the CDG by Enterprise Singapore which was non-recurring by nature; and (ii) an increase in SEC and WCS granted, and which was in line with the increase in the number of our employees during 2019 financial year compared to the preceding financial year.

FINANCIAL INFORMATION

Other losses

Other losses increased by approximately S\$21,898, or 286.6% from approximately S\$7,640 for 2018 financial year to approximately S\$29,538 for 2019 financial year. Such increase was mainly due to revaluation losses arising from cash held in Hong Kong dollars during 2019 financial year.

Raw materials and consumables used

Raw materials and consumables used amounted to approximately S\$2.4 million and S\$3.3 million for 2018 financial year and 2019 financial year, respectively, and posted a year-on-year increase of approximately S\$0.9 million, or 39.1%. Such increase was largely due to the new stores opened in 2019 financial year (as partially offset by the closure of one bakery outlet) during 2019 financial year. As a percentage of total revenue for 2018 financial year and 2019 financial year, raw materials and consumables used accounted for approximately 24.6% and 20.1%, respectively. Such decrease was mainly attributable to (i) the benefits of economies of scale from bulk purchase and production; and (ii) cost savings through the use of our central kitchen.

Employee benefit cost

Employee benefit cost increased by approximately S\$1.2 million, or 45.7% from approximately S\$2.6 million for 2018 financial year to approximately S\$3.8 million for 2019 financial year. Such increase is in line with the increase in our headcount in respect of operational and managerial staff as we expanded our network with new stores opened in 2019 financial year.

Expenses under short-term leases and variable lease payments

Rental expenses on short-term leases and variable lease payments increased by approximately S\$149,398, or 98.7% from approximately S\$151,291 for 2018 financial year to approximately S\$300,689 for 2019 financial year mainly due to an increase in our gross turnover variable rent payable for 2019 financial year which saw an increase in the number of stores.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by approximately S\$1.7 million, or 79.6% from approximately S\$2.1 million for 2018 financial year to approximately S\$3.8 million for 2019 financial year. Such increase was mainly due to the increase in our lease commitments in respect of our new stores opened in 2019 financial year (as partially offset by the cessation of business of one bakery outlet), and which resulted in an increase in right-of-use assets recognised under IFRS 16.

FINANCIAL INFORMATION

Depreciation of plant and equipments

Depreciation of plant and equipments increased by approximately S\$173,016, or 52.7% from approximately S\$328,515 for 2018 financial year to approximately S\$501,531 for the following year as we purchased additional plant and equipment for use at the new stores opened in 2019 financial year.

Other expenses

Other expenses increased by approximately S\$149,301, or 29.7% from approximately S\$502,810 for 2018 financial year to approximately S\$652,111 for 2019 financial year. Such increase was mainly attributable to (i) increase in commission charges paid to third party online delivery services platforms as our delivery sales and the number of outlets utilising delivery platforms increased; and (ii) the increase in utilities and telecommunication expenses resultant from an expanded bakery outlet and restaurant network during 2019 financial year.

Listing expenses

Listing expenses comprises professional fees and other expenses incurred in connection to our Listing and which amounted to nil and approximately S\$1.3 million for 2018 financial year and 2019 financial year, respectively.

Net finance costs

Net finance costs increased by approximately S\$0.5 million, or 74.6% to approximately S\$1.1 million for 2019 financial year from approximately S\$0.6 million for 2018 financial year. This increase was primarily attributable to (i) an increase of S\$0.4 million in interest expense on lease liabilities resultant from increased lease commitments during 2019 financial year; and (ii) the increase in interest expense on bank borrowings as we took up additional bank loans for 2019 financial year.

Income tax expense

Our income tax expense increased by approximately S\$204,355, or 362.6% from approximately S\$56,357 for 2018 financial year to approximately S\$260,712 for 2019 financial year. Such increase was mainly due to the increase in profit before tax.

Profit for the year

As a result of the foregoing factors, our profit for the year increased by approximately S\$0.6 million, or 68.5% from approximately S\$0.9 million for 2018 financial year to approximately S\$1.5 million for 2019 financial year.

FINANCIAL INFORMATION

Four months ended 31 October, 2019 compared to four months ended 31 October, 2018

Revenue

Our revenue significantly increased by approximately S\$1.3 million, or 30.2% from approximately S\$4.1 million for the four months ended 31 October, 2018 to approximately S\$5.4 million for the four months ended 31 October, 2019. Such increment was mainly attributable to (i) the increase in same store sales of our “Yuba Hut” restaurants and “Laura” restaurants by approximately 11.9% and 17.4%, respectively; and (ii) the opening of six new outlets, namely (1) Proofer (AMK Hub), (2) Yuba Hut (White Sands), (3) 300 BC (Pioneer MRT), (4) Proofer (White Sands), (5) Yuba Hut (POIZ Centre) and (6) Proofer (POIZ Centre) after the four months ended 31 October, 2018, and which generated sales during the four months ended 31 October, 2019.

Other income

Other income increased by approximately S\$20,899, or 90.8% from approximately S\$23,018 for the four months ended 31 October, 2018 to approximately S\$43,917 for the four months ended 31 October, 2019. Such increase was mainly due to the increase in government grants, namely SEC and WCS granted, which was in line with the increase in headcount during the four months ended 31 October, 2019.

Other losses

Other losses increased by approximately S\$56,424, from nil for the four months ended 31 October, 2018 to approximately S\$56,424 for the four months ended 31 October, 2019. Such increase was mainly due to the foreign exchange losses arising from translation of share subscription proceeds from Pre-IPO Investor held in Hong Kong dollars.

Raw materials and consumables used

Raw materials and consumables used amounted to approximately S\$1.0 million for the four months ended 31 October, 2018 and S\$1.1 million for the four months ended 31 October, 2019, representing an increase of approximately S\$0.2 million, or 19.8%. Such increase was largely due to the opening of the four new bakery outlets and two “Yuba Hut” restaurants mentioned above after the four months ended 31 October, 2018. As a percentage of total revenue for the four months ended 2018 and 2019, raw materials and consumables used accounted for 23.2% and 21.3%, respectively. Such decrease was mainly attributable to (i) the benefits of economies of scale from bulk purchase and production; and (ii) further cost savings through the use of our central kitchen that served an enlarged network of outlets and restaurants.

FINANCIAL INFORMATION

Employee benefit cost

Employee benefit cost increased by approximately S\$0.3 million, or 23.3% from approximately S\$1.2 million for the four months ended 31 October, 2018 to approximately S\$1.4 million for the four months ended 31 October, 2019. Such increase was mainly due to the increase in our headcount for operational and managerial staff at our new stores opened after the four months ended 31 October, 2018.

Expenses under short-term leases and variable lease payments

Rental expenses on short-term leases increased by approximately S\$22,436, or 33.5% from approximately S\$66,912 for the four months ended 31 October, 2018 to approximately S\$89,348 for the four months ended 31 October, 2019 mainly due to the increase in our gross turnover variable rent payable for the four months ended 31 October, 2019 and which was in line with the increase in the number of stores described above.

Depreciation of right-of-use assets

Depreciation of right-of-use assets increased by approximately S\$0.3 million, or 24.5% from approximately S\$1.1 million for the four months ended 31 October, 2018 to approximately S\$1.4 million for the four months ended 31 October, 2019. Such increase was mainly due to the increase in our lease commitments in respect of our six new stores opened after the four months ended 31 October, 2018 and which resulted in an increase in the right-of-use assets recognised under IFRS 16 during the four months ended 31 October, 2019.

Depreciation of plant and equipments

Depreciation of plant and equipments increased by approximately S\$47,280, or 34.7% from approximately S\$0.1 million for the four months ended 31 October, 2018 to approximately S\$0.2 million for the four months ended 31 October, 2019. Such increase was mainly attributable to the additional purchase of plant and equipment for the six new stores which opened after the four months ended 31 October, 2018.

Other expenses

Other expenses increased by approximately S\$87,726, or 41.4% from approximately S\$0.2 million for the four months ended 31 October, 2018 to approximately S\$0.3 million for the four months ended 31 October, 2019. Such increase was mainly attributable to (i) the increase in utilities and telecommunication expenses, as our network bakery outlets and restaurants expanded; and (ii) the increase in commission charges paid to third party online delivery services platforms as our delivery sales and number of outlets utilising these platforms increased.

Listing expenses

Listing expenses comprises professional fees and other expenses incurred in connection to our Listing and which amounted to nil and approximately S\$1.2 million for the four months ended 31 October, 2018 and 2019, respectively.

FINANCIAL INFORMATION

Net finance costs

Net finance costs increased by approximately S\$84,984, or 26.7% to approximately S\$0.4 million for the four months ended 31 October, 2019 from approximately S\$0.3 million for the four months ended 31 October, 2018. This increase was primarily attributable to (i) the increase in interest expense on lease liabilities resultant from increased lease commitments; and (ii) the increase in interest expense on bank borrowings as we took up additional loans after the four months ended 31 October, 2018.

Income tax expense

Our income tax expense increased by approximately S\$31,917, or 107% from income tax credit of approximately S\$29,936 for the four months ended 31 October, 2018 to income tax expense of approximately S\$1,981 for the four months ended 31 October, 2019. Such increase was mainly due to the non-tax deductible expenses such as Listing expenses which partially offset the tax exemptions and incentives enjoyed by our operating subsidiaries.

Profit/(loss) for the period

As a result of the foregoing factors, our profit/(loss) fell from a profit of approximately S\$0.2 million for the four months ended 31 October, 2018 to a loss of approximately S\$0.8 million for the four months ended 31 October, 2019.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of cash flow have historically been cash flows from operating activities and bank borrowings during the Track Record Period. Our material cash requirements have included capital expenditures for the growth of operations. As at 30 June, 2018 and 2019 and 31 October, 2019, our Group had cash and cash equivalents of approximately S\$0.8 million, S\$2.8 million, and S\$2.2 million, respectively. Going forward, our Group expects cash generated from operations to continue to be our principal source of liquidity and we may use a portion of the proceeds from the Share Offer to finance a portion of our liquidity requirement. Our principal uses of cash have been, and are expected to continue to be, operational costs, repayment of bank borrowings and business expansion in Singapore. Please refer to the section headed "FUTURE PLANS AND USE OF PROCEEDS" in this prospectus for further details.

FINANCIAL INFORMATION

Cash flows of our Group

Set forth below is the selected cash flow data from the combined statements of cash flows during the Track Record Period:

	FY2018	FY2019	Four months ended 31 October, 2018	Four months ended 31 October, 2019
	S\$	S\$	S\$	S\$
			(unaudited)	
Operating profit before working capital changes	4,027,507	7,193,957	1,767,252	1,295,584
Changes in working capital	(417,848)	1,304,420	470,602	479,762
Income tax paid	—	(32,464)	—	—
Net cash generated from operating activities	3,609,659	8,465,913	2,237,854	1,775,346
Net cash used in investing activities	(2,246,580)	(3,983,914)	(954,183)	(1,336,442)
Net cash used in financing activities	<u>(1,294,331)</u>	<u>(2,445,405)</u>	<u>(1,123,814)</u>	<u>(1,069,927)</u>
Net increase/(decrease) in cash and cash equivalents	<u>68,748</u>	<u>2,036,594</u>	<u>159,857</u>	<u>(631,023)</u>
Cash and cash equivalents at beginning of the year	702,814	771,562	771,562	2,792,845
Effects of currency translation on cash and cash equivalents	<u>—</u>	<u>(15,311)</u>	<u>—</u>	<u>(6,983)</u>
Cash and cash equivalents at the end of the year	<u>771,562</u>	<u>2,792,845</u>	<u>931,419</u>	<u>2,154,839</u>

Net cash flows from the operating activities

During the Track Record Period, our cash inflow from operating activities was principally from the receipt of sale proceeds from our bakery and restaurant operations. Our cash outflow used in operating activities was principally for the payments for raw materials and consumables used, employee benefit cost and cost of leasing our retail bakery outlet and restaurant premises.

For 2018 financial year, our Group had net cash flows generated from operating activities of approximately S\$3.6 million, which was primarily attributable to our profit for the year of approximately S\$0.9 million, adjustments for non-cash and non-operating items totalling approximately S\$3.1 million and a net negative change in working capital of

FINANCIAL INFORMATION

approximately S\$0.4 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of right-of-use assets and plant and equipment of approximately S\$2.1 million and S\$0.3 million, respectively; (ii) net interest expense of approximately S\$0.6 million; (iii) income tax expense of S\$56,357; and (iv) write-off on disposal of plant and equipment of S\$7,640. Our cash generated before changes in working capital was approximately S\$4.0 million. The net negative change in working capital included an increase in: (i) trade and other receivables, deposits and prepayments of approximately S\$0.8 million which was mainly due to an increase in rental deposits paid in relation to new bakery outlets and restaurants opened during 2018 financial year; (ii) in inventories of S\$87,109; and (iii) trade and other payable of approximately S\$0.5 million.

For 2019 financial year, our Group had net cash flows generated from operating activities of approximately S\$8.5 million, which was primarily attributable to our profit for the year of approximately S\$1.5 million, adjustments for non-cash and non-operating items totalling approximately S\$5.7 million, a net positive change in working capital of approximately S\$1.3 million, and income tax paid of S\$32,464. Adjustments for non-cash and non-operating items included (i) depreciation of right-of-use assets and plant and equipment of approximately S\$3.8 million and S\$0.5 million, respectively; (ii) net interest expense of approximately S\$1.1 million; (iii) income tax expense of approximately S\$0.3 million; (iv) foreign exchange loss of S\$15,311; and (v) write-off on disposal of plant and equipment of S\$14,227. Our cash generated before changes in working capital was approximately S\$7.2 million. The net positive change in working capital was mainly due to an increase in trade and other payables of approximately S\$1.3 million as we prolonged our settlement period of trade payables due to suppliers during the period.

For the four months ended 31 October, 2019, our Group had net cash flows generated from operating activities of approximately S\$1.8 million which was primarily attributable to our loss for the period of approximately S\$0.8 million, adjustments for non-cash and non-operating items totalling approximately S\$2.1 million, and a net positive change in working capital of approximately S\$0.5 million. Adjustments for non-cash and non-operating items primarily included (i) depreciation of right-of-use assets and plant and equipment of approximately S\$1.4 million and S\$0.2 million, respectively; (ii) net interest expense of S\$0.4 million; (iii) income tax expense of S\$1,981; (iv) foreign currency exchange difference of S\$55,485; and (v) write-off on disposal of plant and equipment of S\$939. Our cash generated before changes in working capital was approximately S\$1.3 million. The net positive change in working capital of approximately S\$0.5 million was mainly due to an increase in trade and other payables of approximately S\$0.5 million.

Net cash flows used in investing activities

Our cash flows used in investing activities mainly consisted of purchase of plant and equipment for our bakery outlets and restaurants.

FINANCIAL INFORMATION

For 2018 financial year, our Group had net cash flows used in investing activities of S\$2.2 million which primarily related to the amount due from directors of approximately S\$1.6 million, purchase of plant and equipment of approximately S\$0.6 million and consisted mainly of furnitures and fixtures, machineries and leasehold improvements for our four new outlets opened during the year.

For 2019 financial year, our Group had net cash flows used in investing activities of S\$4.0 million which was primarily due to amount due from directors of approximately S\$2.7 million and the purchase of plant and equipment for approximately S\$1.3 million for the furnitures and fixtures, machineries and leasehold improvements of 10 new stores opened during the year.

For the four months ended 31 October, 2019, our Group had net cash flows used in investing activities of S\$1.3 million which was primarily due to the amount due from directors of approximately S\$1.3 million and the purchase of plant and equipment for approximately S\$0.1 million for our existing central kitchen and stores.

Net cash flows from financing activities

Our cash flows from financing activities primarily include the proceeds from issuance of shares, proceeds from borrowings, repayment on borrowings, interest paid on borrowings, interest repayment of lease liabilities, principal repayment of lease liabilities, proceeds from Pre-IPO Investor and payment of listing expenses.

For 2018 financial year, our Group had net cash flows used in financing activities of approximately S\$1.3 million, which was due to (i) the repayment of the interest element of lease liabilities (arising from our adoption of IFRS 16) of approximately S\$0.6 million; (ii) repayment of principal element of lease liabilities of approximately S\$1.8 million; (iii) repayment of borrowings of S\$22,146; and (iv) interest paid on borrowings of S\$7,371. Such outflow was partially offset by the proceeds from issuance of shares and borrowings of approximately S\$0.4 million and S\$0.8 million, respectively.

For 2019 financial year, our Group had net cash flows used in financing activities of approximately S\$2.4 million, which was primarily due to (i) a repayment of the interest element of lease liabilities (arising from our adoption of IFRS 16) amounting to approximately S\$1.0 million; (ii) repayment of principal element of lease liabilities of approximately S\$3.4 million as a result of an increase in the number of leased outlets during the year; (iii) payment of listing expenses of approximately S\$0.2 million; (iv) repayment of borrowings of approximately S\$0.2 million, which was partially offset by (a) proceeds from issue of shares and Pre-IPO Investor of approximately S\$0.1 million and S\$1.4 million, respectively; and (b) proceeds from borrowings of approximately S\$1.0 million.

For the four months ended 31 October, 2019, our Group had net cash flows used in financing activities of approximately S\$1.1 million, which was primarily due to (i) repayment of the interest element of lease liabilities (arising from our adoption of IFRS 16) amounting to approximately S\$0.4 million; (ii) repayment of principal element of lease liabilities of

FINANCIAL INFORMATION

approximately S\$1.2 million as a result of an increase in the number of leased outlets during the period; and (iii) repayment of borrowings of approximately S\$0.6 million, which was partially offset by proceeds from the Pre-IPO Investor of approximately S\$1.2 million.

NET CURRENT ASSETS/LIABILITIES

Set forth below is the breakdown of our current assets and current liabilities as of the date indicated:

	As at 30 June,		As at 31	As at 29
	2018	2019	October,	February,
	S\$	S\$	S\$	S\$
	<i>(unaudited)</i>			
Current assets				
Cash and cash equivalents	771,562	2,792,845	2,154,839	1,232,477
Trade and other receivables, deposits and prepayments	747,584	758,688	1,143,635	3,079,656
Amount due from Directors	2,143,674	4,826,678	4,800,931	4,797,115
Inventories	87,109	114,410	137,426	105,250
Total current assets	3,749,929	8,492,621	8,236,831	9,214,498
Current liabilities				
Trade and other payables	1,280,937	4,134,124	3,500,165	4,276,327
Borrowings	408,162	576,917	260,186	218,641
Lease liabilities	2,501,938	3,820,696	3,920,687	3,739,404
Current income tax liabilities	66,050	219,060	398,987	278,400
Total current liabilities	4,257,087	8,750,797	8,080,025	8,512,772
Net current Assets/ (liabilities)	(507,158)	(258,176)	156,806	701,726

We recorded net current liabilities of approximately S\$0.5 million, S\$0.3 million, and net current assets of approximately S\$0.2 million and S\$0.7 million as at 30 June, 2018, 30 June, 2019, 31 October, 2019 and 29 February, 2020, respectively. Our net current liabilities position during the Track Record Period were primarily attributable to the recognition of our lease liabilities as part of our current liabilities in accordance with the adoption of IFRS 16. Accordingly, all our future rent payments are recognised in the form of non-current assets (being the right-of-use assets) together with current and non-current financial liabilities (being lease liabilities).

Net current liabilities decreased from approximately S\$0.5 million as at 30 June, 2018 to approximately S\$0.3 million as at 30 June, 2019. The decrease was primarily due to (i) increases in cash and cash equivalents of approximately S\$2.0 million in line with the

FINANCIAL INFORMATION

increase in cash generated from operating activities; and (ii) increase in amount due from Directors of approximately S\$2.7 million, partially offset by the increase in trade and other payables of approximately S\$2.9 million.

Net current liabilities decreased from approximately S\$0.3 million as at 30 June, 2019 to net current assets approximately S\$0.2 million as at 31 October, 2019, primarily due to (i) the increase in our prepayment for Listing expenses; and (ii) the full repayment of one of our loans. Our net current assets further increased to approximately \$0.7 million as at 29 February, 2020 mainly due to (i) the increase in deposits paid for three new outlets; (ii) additional deposit paid for the lease renewal of Proofer (Hillion Mall); and (iii) the increase in our prepayment for Listing expenses.

Please refer to the sub-section headed “Discussion and analysis of selected items in combined statements of financial position” below for further details regarding the major items affecting our net current liabilities during the Track Record Period.

Working Capital Sufficiency

Taking into account the financial resources presently available to us, including cash and cash equivalents, our operating cash flows and the estimated net proceeds from the Share Offer, our Directors believe that we have sufficient working capital for our present requirements and for at least the next 12 months from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group’s liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus.

DISCUSSION AND ANALYSIS OF SELECTED ITEMS IN COMBINED STATEMENTS OF FINANCIAL POSITION

Plant and equipment

Our plant and equipment primarily consisted of leasehold improvements, machineries, furniture and fittings, and computer and IT equipment. As at 30 June, 2018, 2019 and 31 October, 2019, the net carrying amounts of our plant and equipment were approximately S\$1.8 million, S\$2.6 million and S\$2.5 million, respectively. The increase of approximately S\$0.8 million, or 42.5% from approximately S\$1.8 million as at 30 June, 2018 to approximately S\$2.6 million as at 30 June, 2019 in our plant and equipment was primarily attributable to the addition of furniture and fittings, machineries and leasehold improvements relating to our new outlets and restaurants opened in 2019 financial year. The net carrying amounts of our plant and equipment remained relatively stable at S\$2.5 million as at 30 October, 2019.

Our Directors review the carrying amounts of our plant and equipment whenever events or changes in circumstances indicate that their carrying amounts may not be recovered and at the end of each reporting period. As at 30 June, 2018, 2019 and 31 October, 2019, there

FINANCIAL INFORMATION

were no indicators of impairments (including obsolescence or physical damages, utilisation of plant and equipment and etc.) identified for our plant and equipment at the end of each reporting period.

Right-of-use assets

Our Group has adopted IFRS 16 “Leases” consistently throughout the Track Record Period which is mandatorily effective for annual period beginning on or after 1 January, 2019. According to this standard, an asset (the right to use of the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. Our leased properties mainly comprise all our bakery outlets, restaurants, office premises, central kitchen and motor vehicles. Please refer to the section headed “BUSINESS — Our property interests — Leased properties” in this prospectus for further details of our leased properties.

The following table sets forth our rights-of-use assets as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Retail stores and central kitchen	12,792,478	16,802,943	15,441,787
Office	7,904	58,235	43,587
Motor vehicles	—	19,965	14,556
Total	12,800,382	16,881,143	15,499,930

As at 30 June, 2018 and 2019, our right-of-use assets were approximately S\$12.8 million and S\$16.9 million, respectively. The increase of approximately S\$4.1 million, or 31.9% was primarily attributable to the commencement of our new stores opened in 2019 financial year, the renewals of leases during 2019 financial year, as partially offset by depreciation charges of approximately S\$3.8 million.

As at 31 October, 2019, our right-of-use assets were approximately S\$15.5 million. The decrease of approximately S\$1.4 million, or 8.2% was primarily attributable to the depreciation of our right-of-use assets during the four months ended 31 October, 2019, which saw no material addition as no new leases were entered into during this period.

Inventories

Our inventories mainly consist of (i) raw materials, semi-processed food products like dough, and finished food products like cakes and loaves; and (ii) packaging materials for our bakery outlets and restaurants. The level of inventories kept by us during the Track Record Period was not material, amounting to approximately S\$87,109, S\$114,410 and S\$137,426 as at 30 June, 2018, 2019 and 31 October, 2019, respectively, representing approximately 2.3%, 1.3% and 1.7% of our total current assets. Our inventory control and management objective is to maintain an optimal level of inventory sufficient for our normal business

FINANCIAL INFORMATION

operation with minimal wastage. As described in the section headed “BUSINESS — Inventory management”, our procurement and operation manager oversees the inventory management for our central kitchen, bakery outlets and restaurants. The production head of our central kitchen, baker in-charge and chef in-charge and store in-charge of each restaurant are allowed to make purchases for their respective outlet or restaurant only when required to maintain the freshness of raw materials used and minimise the risk of building up inventory. Purchase decisions of S\$1,000 or more must be approved by the procurement and operation manager to prevent over-ordering. The shelf life of our major raw materials vary ranging from two days to one week for raw materials and two weeks to six months for dry ingredients.

Our Group assesses if there are provision implications for inventories based on the lower of cost and the net realisable value of inventories. Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to realise revenue. Our provision assessment on food and beverages is mainly based on the expiry dates of the respective items and our provision assessment on consumable items is mainly based on their usability and physical conditions. During the Track Record Period, our Directors confirmed that no provision for our inventories was made.

Set forth below is the average turnover days of our inventories for the periods indicated:

	2018 financial year	2019 financial year	Four months ended 31 October, 2019
Average inventory turnover days ^(Note)	7 days	11 days	13 days

Note: Average inventory turnover days is calculated as the average of the beginning and ending inventory balances for the relevant years/period divided by raw materials and consumables used for the respective years and multiplied by the number of days in the respective years/period.

Our average inventory turnover days were approximately 7 days, 11 days and 13 days for 2018 financial year, 2019 financial year and the four months ended 31 October, 2019, respectively. The higher inventory turnover days for 2019 financial year was mainly attributable to the higher inventory level for meeting the demands of our new stores opened in 2019 financial year. Our average inventory turnover days remained relatively stable for the four months ended 31 October, 2019. The low level of average inventory turnover days was in line with our Group’s inventory management policy to keep the freshness of food ingredients, especially those fresh and perishable ingredients.

As at the Latest Practicable Date, our inventories as at 31 October, 2019 had been fully sold and utilised.

FINANCIAL INFORMATION

Trade and other receivables, rental deposits and prepayments

During the Track Record Period, trade and other receivables, deposits and prepayments comprised (i) trade receivables due from credit card institutions and third party online delivery services platforms; (ii) rental deposits; and (iii) prepayments. Our Directors have confirmed that there were no material impact on our prepayments as at 31 October, 2019 as a result of the outbreak of Coronavirus in Singapore. Set forth below is the breakdown of trade and other receivables, deposits and prepayments as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Trade receivables from third parties	22,422	26,491	18,579
Rental deposits	912,880	1,403,406	1,369,790
Prepayments	604,687	467,618	837,441
	1,539,989	1,897,515	2,225,810
Less: non-current portion of rental deposits	(792,405)	(1,138,827)	(1,082,175)
Total	747,584	758,688	1,143,635

Trade receivables

Trade receivables comprised (i) credit card receivables for customers' payments settled by credit cards; (ii) receivables from third party online delivery services platforms; and (iii) cashless payment including mobile payment and cash vouchers. Set forth below is the breakdown of trade receivables as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Credit card receivables	8,910	12,118	6,853
Receivables from third party online delivery services platforms	13,512	13,070	10,360
Cashless payment	—	1,303	1,366
Total	22,422	26,491	18,579

FINANCIAL INFORMATION

As at 30 June, 2018, 2019 and 31 October, 2019, our trade receivables were not material and amounted to approximately S\$22,422, S\$26,491 and S\$18,579, respectively, representing approximately 0.6%, 0.3% and 0.2% of our total current assets. Our trade receivables balances maintained relative stable during the Track Record Period.

In relation to trade receivables from credit card institutions for customers' payments settled by credit cards, the settlement period is normally three Business Days from the transaction date. The settlement period for trade receivables due from third party online delivery services platforms is normally 15 Business Days from the transaction date, which is longer than that of credit card institutions. Generally, third party online delivery services platforms receive monies from our customers on our behalf and then remit the amounts after deduction of service fees to our Group. We do not grant any credit to our customers and do not hold any collateral as security.

We apply the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the life time expected loss provision for all trade receivables. General approach is adopted in measuring expected credit losses for other receivables. As at 30 June, 2018, 2019 and 31 October, 2019, no provision for impairment loss was made. Please refer to Note 2.7 of the Accountant's Report in Appendix I to this prospectus for further details.

Set forth below is the ageing analysis of our trade receivables based on due date as at the dates indicated.

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Current	22,422	26,491	18,579

Set forth below is a summary of the average trade receivables turnover days for the periods indicated:

			Four
	2018	2019	months
	financial	financial	ended 31
	year	year	October,
			2019
Average trade receivables turnover day <i>(Note)</i>	1 day	1 day	1 day

Note: Average trade receivable turnover days is calculated as the average of the beginning and ending trade receivables balances for the relevant years/period divided by revenue for the respective years and multiplied by the number of days in the respective years/period.

FINANCIAL INFORMATION

Our average trade receivables turnover day remained stable during the Track Record Period at approximately 1 day for 2018 financial year, 2019 financial year and the four months ended 31 October, 2019.

As at 30 June, 2018, 2019 and 31 October, 2019, there was no trade receivables that were past due but not impaired. As at the Latest Practicable Date, approximately S\$18,579, or 100% of our trade receivables as at 31 October, 2019 had been settled.

Rental deposits and prepayments

Our total rental deposits and prepayment increased by approximately S\$0.4 million from approximately S\$1.5 million as at 30 June, 2018 to approximately S\$1.9 million as at 30 June, 2019. Rental deposits mainly include the security deposits placed with landlords of our leased properties. The overall increase in rental deposits is attributable to the increase in rental commitments entered into during 2019 financial year. Our total rental deposits and prepayment increased by approximately S\$0.3 million from approximately S\$1.9 million as at 30 June, 2019 to approximately S\$2.2 million as at 31 October, 2019 was mainly due to (i) prepayment of rental deposits for a new outlet and; (ii) prepayment of Listing expenses. Our prepayments were approximately S\$0.6 million, S\$0.5 million and S\$0.8 million as at 30 June, 2018, 2019 and 31 October, 2019, respectively. They mainly consisted of (i) prepaid listing expenses; and (ii) prepaid insurance.

Amount due from Directors

Amount due from our Directors amounted to approximately S\$2.1 million as at 30 June, 2018, S\$4.8 million as at 30 June, 2019, and S\$4.8 million as at 31 October, 2019. These amounts represented cash withdrawal by Mr. Aris Goh and Ms. Anita Chia (who were also the Controlling Shareholders) or disbursements paid by our Group for their personal expenses, which were interest-free and repayable on demand. There has been no tax deduction for personal expenses of Mr. and Mrs. Goh claimed by the Group and none of the advances were waived by the Group and no waived advance had been reported.

There was no repayment of the amounts due from the Directors during the Track Record Period (save for the S\$1.3 million dividend declared by Proofer Boulangerie on 31 October, 2019 which was used to offset against the amount due from Directors). None of the amounts due from Directors was waived by the Company during the Track Record Period.

FINANCIAL INFORMATION

For illustrative purpose only, had the cash withdrawals and disbursements been treated as Directors' remuneration, the impact on our operating profit before working capital changes and net profit before Listing expenses for the Track Record Period is shown below:

	FY2018		FY2019		Four months ended 31 October, 2019	
	S\$	HK\$	S\$	HK\$	S\$	HK\$
Operating profit before working capital changes and Listing Expenses	4,027,507	23,037,340	8,473,624	48,469,129	2,470,492	14,131,214
Less: directors remuneration	(1,234,086)	(7,058,972)	(2,683,004)	(15,346,783)	(1,274,253)	(7,288,727)
Operating profit before working capital changes (as adjusted for Directors' remuneration)	2,793,421	15,978,368	5,790,620	33,122,346	1,196,239	6,842,487
Net profit before Listing expenses	861,174	4,925,915	2,731,005	15,621,349	405,217	2,317,841
Less: directors remuneration	(1,234,086)	(7,058,972)	(2,683,004)	(15,346,783)	(1,274,253)	(7,288,727)
Net profit before listing expenses (as adjusted for Directors' remuneration)	(372,912)	(2,133,057)	48,001	274,566	(869,036)	(4,970,886)

As at the Latest Practicable Date, the outstanding amounts due from our Directors have yet been settled. These amounts will be settled in full in the form of cash of S\$0.6 million and in the form of dividend declared on 23 April, 2020 and paid the Controlling Shareholders of S\$4.2 million.

Trade and other payables

Set forth below is the breakdown of our trade and other payables as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Trade payables	603,169	1,018,817	784,926
Other payables	677,768	3,115,307	2,715,239
Total	1,280,937	4,134,124	3,500,165

FINANCIAL INFORMATION

Trade payables

During the Track Record Period, our trade payables primarily consisted of trade balances due to our vendors in respect of our purchases of food ingredients and packaging materials from our pre-approved external suppliers for our normal operations. Our trade payables were approximately S\$0.6 million and S\$1.0 million as at 30 June, 2018 and 2019, respectively. The significant increase in our trade payables was a result of the increase in our purchases of food ingredients and packaging materials during 2019 financial year to cater for the opening of our 10 new stores opened in 2019 financial year. Our trade payables were approximately S\$0.8 million as at 31 October, 2019. The decrease in our trade payables was a result of payments made to suppliers as well as decrease in purchases made.

As at the Latest Practicable Date, all of our trade payables outstanding as at 31 October, 2019 had been subsequently settled.

Our suppliers generally offer us trade credit periods from 15 to 30 days. During the Track Record Period, our purchases from our suppliers were denominated and settled in Singapore dollars by cheques. Set forth below is a summary of the ageing analysis of our trade payables based on the invoice date as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
0 to 30 days	254,402	255,155	293,787
31 to 60 days	183,701	270,321	252,176
61 to 90 days	54,380	255,152	209,586
91 to 120 days	87,085	144,000	24,577
Over 120 days	<u>23,601</u>	<u>94,189</u>	<u>4,800</u>
	<u>603,169</u>	<u>1,018,817</u>	<u>784,926</u>

Set forth below is the average turnover days of our trade payables for the periods indicated:

	FY2018	FY2019	Four months ended 31 October, 2019
Average trade payable turnover days ^(Note)	85 days	90 days	97 days

Note: Average trade payables turnover days is calculated as the average of the beginning and ending trade payable balances for the relevant years/period divided by raw materials and consumables used for the respective years and multiplied by the number of days in the respective years/period.

FINANCIAL INFORMATION

The average trade payable turnover days increased from 85 days for 2018 financial year to 90 days for 2019 financial year, and further increased to 97 days for the four months ended 31 October, 2019. Our average trade payable turnover days during the Track Record Period were longer than the credit terms granted by our five largest suppliers of 15 to 30 days as we had not strictly adhered to our suppliers' credit terms. Such increase was mainly attributable to our increasing bargaining power in terms of payment schedule benefited from our continuous business expansion. We enjoy a stable and long-term business relationships ranging from some one to five years with our five largest suppliers. Our executive Directors have confirmed that we did not encounter any material disputes with our suppliers during the Track Record Period and up to the Latest Practicable Date.

We will adhere to the credit terms granted by our suppliers in settling our trade payables. In addition, the internal guidelines adopted by the Group will ensure trade payables be settled on time going forward. Our executive Directors and our senior management team confirmed that we will step up our efforts and communicated to our accounting personnel about our guidelines on settlement of trade payables to ensure strict adherence to the guidelines.

Other payables

Other payables mainly include (i) receipts from Pre-IPO Investor; (ii) goods and services tax payable, which represented the consumption tax levied on the sales of goods and services in Singapore; (iii) accrual for operating expenses; and (iv) accrued interest payable. Set forth below is the breakdown of our other payables as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Receipts from Pre-IPO Investor	—	1,378,550	—
Goods and services tax payable	121,938	316,090	344,541
Accruals for operating expenses	555,830	657,840	736,751
Accruals for Listing expenses	—	688,519	1,633,801
Others	—	74,308	—
Total	677,768	3,115,307	2,715,093

Our other payables increased by approximately S\$2.4 million from approximately S\$0.7 million as at 30 June, 2018 to approximately S\$3.1 million as at 30 June, 2019. Such increment was mainly attributable to proceeds from Pre-IPO Investor of approximately S\$1.4 million and accruals for Listing expenses of approximately S\$0.7 million.

FINANCIAL INFORMATION

Our other payables decreased by approximately S\$0.4million to approximately S\$2.7 million as at 31 October, 2019. This decrease was mainly attributable to the decrease in amounts due to Pre-IPO investor by S\$1.4 million to nil subsequent to the completion of Pre-IPO investment, partially offset by the increase in accruals for Listing expenses by S\$1.0 million.

We recorded an increase in goods and services tax payable of approximately S\$194,152 from approximately S\$121,938 as at 30 June, 2018 to approximately S\$316,090 as at 30 June, 2019 due to our increase in revenue for the period. Goods and services tax payable further increased to approximately S\$344,541 as at 31 October, 2019 alongside our increased revenue during the four months ended 31 October, 2019.

Accrual for operating expenses mainly consist of accruals of staff salaries, defined contribution plans, foreign worker levies, variable rental expenses and utilities. We recorded an increase in accrual for operating expenses of approximately S\$0.1 million from approximately S\$0.6 million as at 30 June, 2018 to S\$0.7 million as at 30 June, 2019. Our accrual for operating expenses further increased to approximately S\$0.7 million as at 31 October, 2019.

Provision for reinstatement cost

In general, we are required to deliver our leased premises in vacant possession and, or to reinstate the leased premises to its original condition as requested by our landlords. We normally make an estimation of the cost to reinstate the leased premises (in case the lease is not renewed) for each of our bakery outlets and restaurants upon their commencement of business. Accordingly, the amount of the provision for reinstatement costs represents the estimated cost of demolishing and removing the leasehold improvements made by our Group to our leased premises at the end of respective lease periods as required under the relevant tenancy agreements. The higher the provision for reinstatement costs as at 30 June, 2019 compared to 30 June, 2018 was mainly because of new stores opened in 2019 financial year. The provision for reinstatement remained stable as at 30 June, 2019 and 31 October, 2019.

FINANCIAL INFORMATION

Lease liabilities

Our lease liabilities during the Track Record Period were the net present value of the lease payments discounted using the rate implicit in the lease, if that can be determined, or our Group's incremental borrowing rate. Our leased properties mainly consisted of our bakery outlets, restaurants, central kitchen, head office premises and motor vehicles. Set forth below is a summary of our leased liabilities as at the dates indicated:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Lease liabilities			
Current portion	2,501,938	3,820,696	3,920,687
Non-current portion	10,778,734	13,887,173	12,579,072
Total	13,280,672	17,707,869	16,499,759

As at 30 June, 2018, 2019 and 31 October, 2019, our total lease liabilities were approximately S\$13.3 million, S\$17.7 million and S\$16.5 million, respectively. The increase of approximately S\$4.4 million or 33.3% from 30 June, 2018 to 30 June, 2019 was mainly attributable to (i) the commencement of various leases of our new stores opened in 2019 financial year; and (ii) the renewals of leases during 2019 financial year. Total lease liabilities decreased from 30 June, 2019 to 31 October, 2019 was mainly due to the routine repayment of lease liabilities without any material additions during the four months ended 31 October, 2019 as there were no new stores opened.

Please refer to the Note 2.19 of the Accountant's Report in Appendix I to this prospectus for further details of the lease liabilities.

FINANCIAL INFORMATION

INDEBTEDNESS

Set forth below is the breakdown of our indebtedness as at the dates indicated:

	As at 30 June,		As at 31	As at 29
	2018	2019	October,	February,
	S\$	S\$	2019	2020
			S\$	S\$
				<i>(unaudited)</i>
Borrowings				
— Current portion	408,162	576,917	260,186	218,641
— Non-current portion	370,173	988,200	743,817	633,490
Lease liabilities				
— Current portion	2,501,938	3,820,696	3,920,687	3,739,404
— Non-current portion	<u>10,778,734</u>	<u>13,887,173</u>	<u>12,579,072</u>	<u>10,992,922</u>
Total	<u>14,059,007</u>	<u>19,272,986</u>	<u>17,503,762</u>	<u>15,584,457</u>

Bank borrowings

Our bank borrowings represent mainly the term loans drawn by our Group. Our Group's borrowings, after taking into account of repayable-on-demand clause, are repayable as below:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
On demand or within 1 year	408,162	576,917	260,186
Between 1 and 2 years	123,670	314,237	246,369
Between 2 and 5 years	<u>246,503</u>	<u>673,963</u>	<u>497,448</u>
Total	<u>778,335</u>	<u>1,565,117</u>	<u>1,004,003</u>

FINANCIAL INFORMATION

Our Group's bank borrowings repayable based on the scheduled repayment dates are as follow:

	As at 30 June,		As at 31
	2018	2019	October,
	S\$	S\$	2019
			S\$
Within 1 year	169,729	395,865	260,186
Between 1 and 2 years	180,276	373,859	246,369
Between 2 and 5 years	428,330	795,393	497,448
Total	778,335	1,565,117	1,004,003

All our borrowings are bank borrowings denominated in Singapore dollars. Bank borrowings are secured, and bear fixed interest rates between 6.25% to 7.0% per annum. The fair value of non-current borrowings approximate the carrying value of the non-current borrowings at the end of each reporting period as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

Our borrowings increased from approximately S\$0.8 million as at 30 June, 2018 to approximately S\$1.6 million as at 30 June, 2019 which was mainly due to the increase in bank loans undertaken during 2019 financial year for funding the increase in cash outlay as we expand our operations. Our borrowings decreased to approximately S\$1.0 million as at 31 October, 2019 following partial repayment of bank loans.

As at the Latest Practicable Date, such outstanding bank loans are secured by joint personal guarantee by Mr. Aris Goh and Ms. Anita Chia. The maximum guarantee provided by Mr. Aris Goh and Ms. Anita Chia amounted to S\$300,000 and S\$550,000, respectively. Bank loans secured by joint personal guarantees by Mr. Aris Goh and Ms. Anita Chia will either be released and replaced by a corporate guarantee or repaid by the Group using our internal resources.

We had no unutilised banking facility during the Track Record Period and as at the Latest Practicable Date.

We intend to continue to finance portion of our working capital and capital expenditure with bank borrowings as we deem appropriate.

FINANCIAL INFORMATION

Lease liabilities

As at 29 February, 2020, our Group had lease liabilities amounting to approximately S\$14.7 million.

Our Directors confirm that during the Track Record Period we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities on terms that are commercially acceptable to us.

Save as disclosed above, our Directors confirm that, up to the Latest Practicable Date, there has been no material change in indebtedness, capital commitment and contingent liabilities of our Group since 29 February, 2020, being the latest practicable date for the preparation of the indebtedness statement in this prospectus. Our Directors confirm that as at the Latest Practicable Date, our Group did not have any plans to raise any material debt financing shortly after Listing.

CAPITAL EXPENDITURES

Our Group's capital expenditure principally consisted of expenditures incurred for the opening of new bakery outlets and restaurants, such as leasehold improvements, purchase of machineries and equipment, furniture and fittings, and computer and IT equipments for our bakery outlets, restaurants and central kitchen. Set forth below is the breakdown of our capital expenditure for the years and period indicated:

	FY2018	FY2019	Four months ended 31 October, 2019
	S\$	S\$	S\$
— Furniture and fittings	48,917	111,752	2,804
— Machineries	132,298	414,128	5,320
— Computer and IT equipments	36,559	107,650	26,159
— Leasehold improvements	<u>422,521</u>	<u>667,449</u>	<u>27,918</u>
Total capital expenditure	<u><u>640,295</u></u>	<u><u>1,300,979</u></u>	<u><u>62,201</u></u>

We principally funded our capital expenditures through internally generated funds and bank borrowings during the Track Record Period. Since 31 October, 2019 and up to the Latest Practicable Date, we did not make any material capital expenditures.

FINANCIAL INFORMATION

We anticipate that our future capital expenditures may increase as we intend to open new bakery outlets and restaurants. For the year ending 30 June, 2020, we estimate that our Group's capital expenditure will amount to approximately S\$2.4 million for the renovation and upgrade of our central kitchen, the purchase of a lorry and the opening of six "Proofer" artisanal bakery outlets, one "Proofer" restaurant, one "Yuba Hut" restaurants and one "Laura" restaurant. For the year ending 30 June, 2021, we estimate that our Group's capital expenditure will amount to approximately S\$2.6 million for the purchase of equipments for our central kitchen, the set up of a new cake room, the opening of four "Proofer" artisanal bakery outlets, one "Proofer" restaurant, three "Yuba Hut" restaurants and one "Laura" restaurant. Nevertheless, our projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "FUTURE PLANS AND USE OF PROCEEDS" in this prospectus for further details.

We expect to fund our capital expenditures principally through the proceeds we receive from the Share Offer, as well as the cash generated from our operating activities. Our Directors believe that these sources of funding will be sufficient to finance our capital expenditure needs for the next 12 months.

CAPITAL COMMITMENTS

As at 30 June, 2018, 30 June, 2019, 31 October, 2019 and the Latest Practicable Date, there were no capital commitments which were not provided for in our combined financial statements.

CONTINGENT LIABILITIES

During the Track Record Period and as at the Latest Practicable Date for the purpose of the indebtedness statement, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, we had entered into certain related party transactions, details of which are set forth in Note 25 of the Accountant's Report in Appendix I to this prospectus. Our Directors confirm that all these transactions were conducted on an arm's length basis and on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable. These related party transactions would not distort our results of operation during the Track Record Period or make our historical results during the Track Record Period not reflective of our expectations for our future performance.

FINANCIAL INFORMATION

SUMMARY OF KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the Track Record Period and should be read in conjunction with the Accountant's Report in Appendix I to this prospectus:

	2018	2019	Four months ended 31 October, 2019
<i>Profitability Ratios</i>			
Net profit margin (%) ^(1 and 8)	9.0	8.9	N/A
Return on equity (%) ⁽²⁾	23.9	28.2	N/A
Return on total assets (%) ⁽³⁾	4.4	4.9	N/A
	As at 30 June,		As at 31 October, 2019
<i>Liquidity Ratios</i>			
	2018	2019	
Current ratio (<i>times</i>) ⁽⁴⁾	0.88	0.97	1.02
Quick ratio (<i>times</i>) ⁽⁵⁾	0.86	0.96	1.00
Gearing ratio (%) ⁽⁶⁾	21.6	30.4	17.5

Notes:

- (1) Net profit margin is calculated by the net profit after tax for the year/period divided by revenue for the respective year/period and multiplying the resulting value by 100%.
- (2) Return on equity is calculated by dividing the net profit after tax for the year/period by the total equity as at the respective year/period-ends and multiplying the resulting value by 100%.
- (3) Return on total assets is calculated by dividing the net profit for the year/period by total assets as at the respective year/period-ends and multiplying the resulting value by 100%.
- (4) Current ratio is calculated based on the total current assets as at the respective year/period-ends divided by the total current liabilities as at the respective year/period-ends.
- (5) Quick ratio is calculated based on current assets less inventories divided by the total current liabilities as at the respective year/period-ends.
- (6) Gearing ratios as at the respective year/period-ends are calculated based on the total debt as at the respective dates divided by total equity as at the respective year/period-ends and multiplying the resulting value by 100%.
- (7) Return on equity and return on total assets for the four months ended 31 October, 2019 are not comparable to those for 2018 financial year and 2019 financial year.
- (8) Net profit margin is not applicable for the four months ended 31 October, 2019 as net loss was recorded during the period.

FINANCIAL INFORMATION

Net profit margin

	FY2018	FY2019	Four months ended 31 October, 2019
Profit/(loss) for the year/period (S\$)	861,174	1,451,338	(769,691)
Revenue (S\$)	9,591,303	16,319,367	5,388,564
Net profit/(loss) margin (%)	9.0	8.9	N/A
Non-IFRS measure			
Profit/(loss) for the year/period (S\$)	861,174	1,451,338	(769,691)
Adjustments:			
Listing expenses (S\$)	—	1,279,667	1,174,908
Adjusted profit for the year (S\$)	861,174	2,731,005	405,217
Adjusted net profit margin (%)	9.0	16.7	7.5

Our net profit margin decreased from approximately 9.0% for 2018 financial year to approximately 8.9% for 2019 financial year mainly due to Listing expenses incurred in 2019 financial year. Excluding Listing expenses, the adjusted net profit margin increased from approximately 9.0% for 2018 financial year to approximately 16.7% for 2019 financial year. Such increase was primarily due to the increase in revenue (from an enlarged network of bakery outlets and restaurants) which outpaced the increase in employee expenses and raw materials and consumables used resultant from (i) the benefits of economies of scale from bulk purchase and production; and (ii) cost savings through the use of our central kitchen.

Excluding Listing expenses, the adjusted net profit margin decreased from approximately 16.7% for 2019 financial year to approximately 7.5% for the four months ended 31 October, 2019. Such decrease was primarily due to the decrease in number of customer visits for four of our “Profer” bakery outlets and two “300BC” bakery outlets located in the east side of Singapore because of the opening of a new megamall nearby which may have attracted more customers, leading to lower customer traffic in the mall which our bakery outlets are situated at.

FINANCIAL INFORMATION

Return on equity

	FY2018	FY2019	Four months ended 31 October, 2019
Profit/(loss) for the year/period (S\$)	861,174	1,451,338	(769,691)
Equity (S\$)	3,602,610	5,153,948	5,731,757
Return on equity (%)	23.9	28.2	N/A

Non-IFRS measure

Adjusted profit for the year/period (S\$)	861,174	2,731,005	405,217
Adjusted return on equity (%)	23.9	53.0	7.1

Our return on equity for 2018 financial year and 2019 financial year was approximately 23.9% and 28.2%, respectively. The adjusted return on equity, after adding back Listing expenses, increased from approximately 23.9% for 2018 financial year to 53.0% for 2019 financial year, as our adjusted net profit (after adding back listing expenses) increased some two folds during 2019 financial year.

The adjusted return on equity after adding back Listing expenses, decreased from approximately 53.0% for 2019 financial year to 7.1% for the four months ended 31 October, 2019, mainly due to the decrease in adjusted net profit margin mentioned above and the increase in equity during the period as a result of the completion of Pre-IPO Investment, partly offset by the issuance of dividend to the Controlling Shareholders.

Return on total assets

	2018 financial year	2019 financial year	Four months ended 31 October, 2019
Profit/(loss) for the year/period (S\$)	861,174	1,451,338	(769,691)
Total assets (S\$)	19,377,762	29,351,183	27,649,743
Return on total assets (%)	4.4	4.9	N/A

Non-IFRS measure

Adjusted profit for the year/period (S\$)	861,174	2,731,005	405,217
Adjusted return on total assets (%)	4.4	9.3	1.5

FINANCIAL INFORMATION

Our return on total assets for 2018 financial year and 2019 financial year was approximately 4.4% and 4.9%, respectively. After adding back Listing expenses, the adjusted ratio increased from approximately 4.4% for 2018 financial year to 9.3% for 2019 financial year. Such increase was primarily due to the significant increase in revenue as discussed in the sub-section headed “Review of historical results of operations — 2018 financial year compared to 2019 financial year — Revenue” above and fact that the revenue growth rate outpaced the increase in employee expenses and raw materials and consumables used.

After adding back Listing expenses, the adjusted return on total assets decreased from approximately 9.3% for 2019 financial year to 1.5% for the four months ended 31 October, 2019, mainly due to the decrease in adjusted net profit margin mentioned above.

Current ratio

Our current ratio was approximately 0.88 and 0.97 as at 30 June, 2018 and 2019, respectively. Our current ratios throughout the Track Record Period were below one primarily due to the recognition of the current portion of the lease liabilities in accordance with the adoption of IFRS 16. Our Group’s current ratio subsequently increased to 1.02 times as at 31 October, 2019 primarily due to (i) decrease in current bank borrowings of approximately S\$0.3 million after loan repayment; (ii) net decrease in other payables of approximately S\$0.6 million due to the issuance of shares to Pre-IPO Investor, offsetting the payables due to Pre-IPO Investor of S\$1.4 million as at 30 June, 2019; (iii) decrease in trade payables of approximately S\$0.2 million as our total purchases decreased; and (iv) increase in prepayments of approximately S\$0.4 million, which included advance payments of Listing expenses.

Quick ratio

Our quick ratio was approximately 0.86, 0.96 and 1.00 as at 30 June, 2018, 2019 and 31 October, 2019, respectively. Our Group maintained an appropriate inventory level which only account for a relatively insignificant portion of our total current assets. Therefore, our quick ratio was substantially similar to our current ratio.

Gearing ratio

Our gearing ratio was approximately 21.6% and 30.4% as at 30 June, 2018 and 2019, respectively. This increase in gearing ratio was primarily due to the increase in bank borrowings to finance the opening of new bakery outlets and restaurants during 2019 financial year. Our Group’s gearing ratio subsequently decreased to 17.5% as at 31 October, 2019 primarily due to the repayment in full of two loans during the four months ended 31 October, 2019.

FINANCIAL INFORMATION

OFF-BALANCE SHEET ARRANGEMENTS

As at the Latest Practicable Date, we had not entered into any material off-balance sheet transaction.

In addition, our Group has not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Further, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or that engages in leasing, hedging or research and development services with us.

FINANCIAL RISK MANAGEMENT

Our activities expose us to market risk (including currency risk and interest risk), credit risk and liquidity risk. Our overall risk management strategy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Given our simple financial structure and nature of our operations, no hedging activities are undertaken by our management. Please refer to Note 3 of the Accountant's Report in Appendix I to this prospectus for further details regarding our financial risk exposures.

DIVIDEND

For 2018 financial year and 2019 financial year, no dividend was declared or paid. On 31 October, 2019, Proofer Boulangerie declared and paid dividend of S\$1.3 million to its then shareholders by offsetting against the amount due from Directors. The remaining amount due from Directors of S\$4.8 million as at 31 October, 2019 will be settled in full in cash of S\$0.6 million and in the form of dividend declared on 23 April, 2020 and paid to the Controlling Shareholders of S\$4.2 million.

Our dividend policy which will be effective upon Listing provides that our Board will take into account the following factors when proposing any dividend payout:

- (i) the actual and expected financial performance of our Group;
- (ii) retained earnings and distributable reserves of our Company and each of the other members of our Group;
- (iii) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of our Group;
- (iv) business strategies of our Group, including future cash commitments and investment needs to sustain the long-term growth aspect of the business;
- (v) the current and future operations, liquidity position and capital requirements of our Group;

FINANCIAL INFORMATION

- (vi) statutory and regulatory restrictions; and
- (vii) other factors that our Board deems appropriate.

Our Group currently does not have a fixed dividend pay-out ratio. A decision to declare or to pay any dividend in the future and the amount of any dividends depends on a number of factors, including our financial performance, economic conditions, business strategies, the capital requirements, and other factors our Board may deem relevant. There will be no assurance that our Company will be able to declare or distribute any dividend in the amount set out in any plan of our Board or at all.

Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available for reinvestment in our operations.

LISTING EXPENSES AND EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO LISTING EXPENSES

Listing expenses represent professional fees and other fees incurred in connection with the Listing. Assuming the Offer Size Adjustment Option is not exercised and the Offer Price of HK\$1.0 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the Listing expenses, which are non-recurring in nature, are expected to be approximately HK\$30.1 million, representing 50.2% of the gross proceeds of the Share Offer. For the Listing expenses, (i) approximately S\$2.0 million is directly attributable to the issue of the Listing which is to be accounted for as a deduction from equity; (ii) approximately S\$1.3 million and S\$1.2 million were recognised in our combined statements of comprehensive income for 2019 financial year and the four months ended 31 October, 2019; and (iii) approximately S\$0.8 million will be further recognised in our combined statements of comprehensive income for the year ending 30 June, 2020 upon the Listing.

DISTRIBUTABLE RESERVES

Our Company, incorporated in the Cayman Islands on 16 May, 2019, had not have any reserve available for distribution to our Shareholders as at 30 June, 2019.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please refer to the section headed “UNAUDITED PRO FORMA FINANCIAL INFORMATION” in Appendix II to this prospectus for the unaudited pro forma adjusted combined net tangible assets.

FINANCIAL INFORMATION

DISCLOSURE UNDER RULES 17.15 TO 17.21 OF THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the date of this prospectus, our business remained stable and there was no material change to our business model.

Yuba Hut (Hillion Mall) restaurant was closed in February, 2020. Our Group decided not to renew the lease of this restaurant because the landlord decided to increase the rent significantly and which would impair the restaurant's profitability.

We plan to open five new "Proofer" bakery outlets and one "Yuba Hut" restaurant in June, 2020. As at the Latest Practicable Date, no tenancy offer had yet to be accepted by us in respect of these six new prospective stores.

We accepted a tenancy offer on 12 July, 2019 with an independent landlord for leasing a premises of 603 sq. ft. at Change Alley Mall, 30 Raffles Place in Singapore for a term of three years to open our second Western fast casual dining restaurant under "Laura" brand. The monthly base rent of the lease is S\$14,175.44 for the first year of the term.

As at the Latest Practicable Date, Change Alley Mall was under refurbishment. Our Directors expect that the taking of possession of the premise and the operation of our new "Laura" restaurant will commence during the second quarter of 2020. Total estimated capital expenditure for opening this "Laura" restaurant amounts to approximately S\$0.1 million which will be funded by our internal resources.

We accepted a tenancy offer on 18 December, 2019 with an independent landlord for leasing a premise of 365 sq. ft. at Waterway Point, Punggol in Singapore for a term of two years to open our bakery outlet under "Proofer" brand during the first quarter of 2020. The monthly base rent is S\$12,008.5 for the first year of the term. Total capital expenditure for opening this bakery outlet amounted to approximately S\$0.1 million has been fully funded by our internal resources and rental deposit of S\$39,420 had been paid by us. The outlet commenced its operation on 11 March, 2020 and generated unaudited revenue of S\$42,669 during the period from 11 March, 2020 to 14 April, 2020.

In addition to the above, we accepted a tenancy offer:

- (i) on 10 January, 2020 with an independent landlord for leasing a premise of 1,140 sq. ft. at the Rail Mall, Upper Bukit Timah Road in Singapore for a term of two years to open a new mixed concept restaurant in July, 2020, which will serve Japanese fast casual food under "Yuba Hut" concept and artisanal bakery products under "Proofer" concept. The monthly base rent is S\$9,576 for the first year of the term. Total estimated capital expenditure for opening this store amounts to approximately S\$0.2 million which will be funded by the net proceeds of the Share Offer. Rental deposit of S\$36,852 had been paid by us; and

FINANCIAL INFORMATION

- (ii) on 20 January, 2020 with an independent landlord for leasing a premise of 646 sq. ft. at the Clementi Mall, Commonwealth Avenue West in Singapore for a term of three years to open a restaurant under “Proofer” brand in May, 2020. The monthly base rent is S\$22,351.6 for the first year of the term. Total estimated capital expenditure for opening these bakery outlet and restaurant amounts to approximately S\$0.2 million which will be funded by our internal resources. Rental deposit of S\$75,813 had been paid by us.

See section headed “FUTURE PLANS AND USE OF PROCEEDS” in this prospectus for further details.

Immediately after the Track Record Period and for the four months ended 29 February, 2020, we recorded unaudited revenue of approximately S\$6.3 million. During the four months ended 28 February, 2019, our unaudited revenue amounted to approximately S\$6.2 million. Such increase in revenue was largely driven by contribution from a new store at the Proofer (POIZ Centre) which commenced its operation during March, 2019.

Subsequently from 1 March, 2020 to 14 April, 2020, we generated unaudited revenue from all our bakery outlets and restaurants of approximately S\$1.5 million, representing a decrease of 28.5% compared to revenue of approximately S\$2.0 million for the corresponding period in 2019. This decrease in store revenue was principally due to the various measures implemented by the Singapore government in March and April, 2020 to contain the outbreak of Coronavirus and which had led to reduction in customer traffic at certain shopping malls which housed some of our bakery outlets and restaurants. During the period from 1 March, 2020 to 14 April, 2020, (a) 12 of our bakery outlets and restaurants incurred unaudited operating loss totalling approximately S\$0.2 million before taking into account our entitlement to rental rebates, Jobs Support Scheme and foreign worker levy waivers offered by the Singapore government; and (b) four of our restaurants incurred unaudited operating losses totalling approximately S\$39,000 after taking into account our entitlement to rental rebates, Jobs Support Scheme and foreign worker levy waivers offered by the Singapore government.

Impact of the Coronavirus outbreak

To pre-empt the trend of increasing local transmission of Coronavirus in Singapore, the Singapore government has implemented an elevated set of safe distancing measures from 7 April, 2020 to 4 May, 2020, such as the following:

- Except for those allowed to commute for work, Singapore residents and foreign workers should remain largely within their place of residence. They can still go out to buy meals or other essentials, or procure essential services, but should otherwise minimise time they spend outside.
- From 8 April, 2020 to 4 May, 2020, schools and institutes of higher learning will also shift to full home-based learning, while preschool and student care centres will suspend services. Private education institutions should also move to home-based learning, or suspend classes otherwise.

FINANCIAL INFORMATION

- All restaurants and other food and beverage outlets will remain open only for takeaway or delivery. Retail outlets that provide items and services necessary to support the daily living needs of the population will remain open. These include restaurants and food and beverage outlets (providing takeaway and delivery orders only) and their supporting operations (including central kitchen) such as outlets are considered to be offering essential services.
- All businesses, social or other activities that cannot be conducted through telecommuting from home will also be suspended from 7 April, 2020 to 4 May, 2020. Essential services and their related supply chains as well as entities that form a part of the global supply chain are exempted from the suspension.
- Entities providing essential services will need to operate with minimum staff needed on their premises to ensure the continued running of those services, and implement strict safe distancing measures. Social interactions, including during meal times, must be avoided. These firms may be required to suspend their operations should any of their staff working on the premises become infected.
- Entities such as restaurants and food and beverage outlets (providing takeaway and delivery orders only) and their supporting operations (including central kitchen) are permitted to continue to operate from their premises. They are required to submit details of their plans to operate with enhanced safe distancing measures in place to the Singapore government.

In compliance with the above measures, our Group has sought confirmations from the Ministry of Trade and Industry for all of our operating subsidiaries (except for Yuba Hut (Hillion) because the Directors have decided to suspend the operation of Yuba Hut (Junction 8) between 7 April, 2020 and 1 June, 2020) to continue our business operations from 7 April, 2020 to 4 May, 2020 and has been allowed to continue with its business operations until being informed otherwise. Our Group has also implemented enhanced safe distancing measures at each of our outlets and introduced new takeaway menus, promotions for baked products and bread delivery services.

On 21 April, 2020, the Singapore government announced that the elevated set of safe distancing measures will be extended until 1 June, 2020 and introduced further measures such as suspension of operations of less critical consumer services with effect from 23:59 hour on 21 April, 2020. Within the food and beverage sector, standalone outlets (excluding those in hawker centres, food courts and coffeeshops) that sell only beverages, packaged snacks, confectioneries or desserts will be required to close their outlets. However, all other food establishments, including those outlets that sell hot or cooked snacks or breads, are allowed to continue operations and may remain open for takeaway and delivery services only. Businesses which had earlier received approvals by the Ministry of Trade and Industry to operate during the original period of elevated safe distancing measures from 7 April, 2020 to 4 May, 2020 can continue operations until 1 June, 2020, unless notified otherwise by the Ministry of Trade and Industry. Our Directors have also confirmed that we have not received any notification from the Ministry of Trade and Industry to cease our business operation. Our bakery outlets and restaurants will therefore remain open for takeaway and delivery services.

FINANCIAL INFORMATION

The Singapore government has introduced a number of measures to support domestic businesses, including:

- **Automatic Deferment of Corporate Income Tax Payments:** All companies will receive a corporate income tax rebate of 25%, capped at S\$15,000 for the year of assessment 2020. All companies with corporate income tax payments due in the months of April, May and June, 2020 will also be granted an automatic three-month deferment of these payments. Such payments that are deferred from April, May and June, 2020 will be collected in July, August and September, 2020 respectively.
- **Property Tax Measures:** Non-residential properties will be granted property tax rebate for the period 1 January, 2020 to 31 December, 2020. Commercial properties badly affected by Coronavirus like restaurants will receive a 100% rebate. Other non-residential properties such as offices will get a 30% rebate on their property tax payable. Under newly proposed legislation such as the Coronavirus (Temporary Measures) Bill, which was introduced to make landlords pass on the savings to their tenants, property owners who fail to do so unconditionally “without reasonable excuse” will be guilty of an offence and face fines of up to S\$5,000.
- **Enhanced Jobs Support Scheme (JSS):** The Jobs Support Scheme (JSS) was launched to help businesses retain their local employees during this period of uncertainty. The JSS was enhanced in March 2020, where eligible employers would receive a 25% cash grant (up from 8%) on the gross monthly wages of each local employee (Singapore Citizens and Permanent Residents) for the months of October to December 2019, subject to a monthly wage cap of S\$4,600 per employee. Higher tiers of support on top of the base rate of 25% will also be given to businesses in severely-affected sectors, including a 50% cash grant on gross monthly wages of each local employee for licensed food shops and food stalls, subject to a monthly wage cap of S\$4,600 per employee.

The JSS will also be extended to cover nine months of wages (up from three months), which will be paid in two additional tranches in July 2020 and October 2020.

The wage subsidy for all firms will be raised to 75% of gross monthly wages for the first S\$4,600 of wages paid to all local employees in April 2020.

- **Enhanced Rental Waivers:** Tenants and lessees of properties managed by government agencies in Singapore can request for more flexible rental payments like instalment plans. Eligible commercial tenants in government-owned or managed facilities would be given two months of rental waivers, up from half a month. The rental waiver for industrial, office and agricultural tenants of government agencies will be increased to one month (from half a month) as well.

FINANCIAL INFORMATION

- **Foreign Worker Levy:** The Singapore government announced on 6 April, 2020 a waiver of the foreign worker levy (“FWL”) due in April 2020 to help firms cut costs and improve their cashflow. Employers will also receive a one-off FWL rebate of S\$750 for each work permit or S Pass holder, based on previous levies paid in 2020. This is to enable employers to preserve their manpower in order to quickly resume operations after the elevated set of safe distancing measures have been lifted.
- **Food Delivery Booster Package:** The Singapore government has collaborated with key food delivery platforms such as Deliveroo, foodpanda and GrabFood to launch the Food Delivery Booster Package which from 7 April, 2020 to 4 May, 2020, will fund five percentage points of the commission cost charged by the three food delivery platforms.

The Singapore government has announced that it will subsidise 75% of the first S\$4,600 of the gross monthly wages for local workers for April, 2020, and that this will be further extended to May, 2020. Moreover, foreign worker levies due in May, 2020 will be waived, and another S\$750 rebate will be given to employers for each foreign worker hired. Our Group will be entitled to benefit from such wage support in respect of our local and foreign staff members.

Our Directors expect the following impact of Coronavirus and the elevated set of safe distancing measures introduced by the Singapore government on our operations and financial conditions:

- We temporarily closed our head offices and implemented work from-home policy beginning in April 2020 as suggested by the Singapore Government.
- We might suffer from reduced customer traffic due to the suspension of schools and private education institutions.
- As we have 24 bakery outlets and restaurants located near residential areas in Singapore, the recent ban on dining-in will naturally increase customers’ purchase of takeaway food items offered by our bakery outlets and, or restaurants as in general demand for take-away food items increases amid the Coronavirus outbreak. We have therefore introduced additional takeaway set meals at our premises.
- It is expected that our revenue for the four months ended 30 June, 2020 will be 33.4% and 28.1% lower than the original estimates and the actual revenue for the same period in 2019, respectively.

FINANCIAL INFORMATION

- We are entitled to benefit from the abovementioned mitigating measures and, in particular, rental rebates, Jobs Support Scheme and tax incentive, which are estimated to amount to approximately S\$1.5 million in total. Set out in the table below is the breakdown of the estimated amount of benefits and the months in which we expect to receive such benefits:

<i>approximately S\$'000</i>	March 2020	April 2020	May 2020	June 2020	July 2020	October 2020
Rental rebates	11	391	391	16	—	—
Jobs Support Scheme	—	180	87	—	174	116
Foreign Worker Levy	—	50	50	—	—	—
Total	<u>11</u>	<u>621</u>	<u>528</u>	<u>16</u>	<u>174</u>	<u>116</u>

As at the Latest Practicable Date, the Group received benefits from the Singapore government's mitigating measures totalling S\$0.6 million.

Our Directors are not aware of any conditions associated with the estimated amount of mitigating measures set out above as (i) landlords must pass on the property tax rebates to their tenants or else they will be guilty of an offence; and (ii) our Group's operating subsidiaries either have received or are expected to receive confirmation letters from the Inland Revenue Authority of Singapore, confirming our eligibility for benefits provided under the Jobs Support Scheme.

The Directors are of the view that the abovementioned measures, in particular the enhanced rental rebates and support provided for employers, will be effective in mitigating the adverse impact brought about by the outbreak of Coronavirus on the Group's operational and financial results.

Sensitivity Analysis

Case 1

Assuming the outbreak of Coronavirus continues and we will benefit from the government measures described above, and if our operations were to suspend temporarily from the day of Listing, we expect that our cash reserves should be sufficient to satisfy our operational expenses for a period of around six months. Our key assumptions include:

- (i) we will not generate any income due to the suspension of business;
- (ii) we will continue to incur lease payments on a monthly basis of approximately S\$0.5 million per month covering monthly lease payments for all stores, central kitchen and office;
- (iii) a minimal number of staff (being one staff for each bakery outlet or restaurant, two staff for the central kitchen, and two staff for back office operation) will be retained to maintain our operation at a cost of approximately S\$0.1 million per month;

FINANCIAL INFORMATION

- (iv) our plans to open new shops and purchase of machineries, equipment and lorry will be postponed indefinitely and there are no lease penalty due to the postponement to open new shops;
- (v) we will only utilise 4.8% of the net proceeds of the Share Offer allocated for working capital purpose (based on the Offer Price of HK\$0.9 per Offer Share);
- (vi) S\$0.6 million of the amounts due from Directors will be repaid in cash to the Group prior to Listing;
- (vii) other operating and administrative expenses will be kept at a minimum level (of approximately S\$0.1 million per month);
- (viii) there will be no internal or external financing from Shareholders or financial institutions; and
- (ix) no dividend will be declared and paid.

Case 2

If the outbreak of Coronavirus continue and we benefit from the government measures described above from March, 2020 to October, 2020, and assuming our operations continue from the day of Listing with revenue posting a decrease of 28.5% compared with the same period in the previous year onwards, we expect that our cash reserves should be sufficient to satisfy our operational expenses for more than twelve months. Our key assumptions include:

- (i) our revenue will decrease 28.5% compared with the same period in the previous year and 28.5% lower compared to our original forecast revenue for the new stores;
- (ii) we benefit from the government measures described above from March, 2020 to October, 2020;
- (iii) S\$0.6 million of the amounts due from Directors will be repaid in cash to the Group prior to Listing;
- (iv) our proceeds from the Share Offer will be utilised as stated in the “FUTURE PLANS AND USE OF PROCEEDS” section in this prospectus; and
- (v) our aggregate estimated lease expense, staff costs and other operating and administrative expenses amount to approximately S\$1.2 million per month.

As part of our cost control measures, we have reduced the number of part-time workers at our bakery outlets and restaurants, by an average of one to two workers per store and discouraged our staff to work over-time since 7 April, 2020. The related cost savings are estimated to amount to approximately S\$50,000 per month.

FINANCIAL INFORMATION

While the elevated set of safe distancing measures introduced by the Singapore government may have affected the progress of renovation works at our new outlets, we are of the view that these measures and the outbreak of Coronavirus will not significantly impact our expansion plan as we are still aggressively seeking to set up more outlets. The Coronavirus outbreak presents an opportunity for our Group as some tenants have been moving out of premises and landlords are often more willing to offer competitive rental rates for the Group to secure ideal shop premises.

It is uncertain if the Singapore government will extend the safe distancing measures mentioned above if the number of Coronavirus infections escalates. If these measures were extended, it is expected that reduced customer traffic in shopping malls and outside MRT stations (where our bakery outlets and restaurants are generally located) will continue. Taking into account our cost control measures and government support totalling approximately S\$1.5 million as described above, our Directors are of the view that the safe distancing measures implemented by the Singapore government will not have any material adverse impact on our results in the near term.

As at the Latest Practicable Date, our Group has not encountered any disruption or unusual inflation on price of raw materials purchased by our Group due to the outbreak of Coronavirus.

As at the Latest Practicable Date, our Directors confirmed that none of our employees had contracted Coronavirus. See section headed “RISK FACTORS — The outbreak of Coronavirus or any other severe communicable disease could adversely affect our Group’s operations” in this prospectus for details.

Our Group’s financial results for the year ending 30 June, 2020 will be negatively affected by, amongst other things, (i) the incurrence of Listing expenses; and (ii) the increase in staff costs, rental and related expenses as a result of the expansion of our bakery outlet and restaurant network. However, our Group expects to maintain positive net profits and net cash inflow from operations for the year ending 30 June, 2020.

NO MATERIAL ADVERSE CHANGE

Immediately after the Track Record Period and for the four months ended 29 February, 2020, we recorded unaudited revenue of approximately S\$6.3 million. (Four months ended 28 February, 2019: S\$6.2 million).

Subsequently from 1 March, 2020 to 14 April, 2020, we generated unaudited revenue from all our bakery outlets and restaurants of approximately S\$1.5 million, representing a decrease of 28.5% compared to the revenue of approximately S\$2.0 million for the corresponding period in 2019. Such decrease in revenue was principally as a result of the various measures implemented by the Singapore government in March and April, 2020 to contain the outbreak of Coronavirus and which had led to a reduction in customer traffic at certain shopping malls which housed some of our bakery outlets and restaurants.

FINANCIAL INFORMATION

The Singapore government implemented elevated safe distancing measures from 7 April, 2020 to 4 May, 2020, and later announced on 21 April, 2020 that such measures would be extended for an additional four weeks until 1 June, 2020. During such period since 7 April, 2020, food establishments like our bakery outlets and restaurants are allowed to operate for takeaway and delivery services only. During this period, people were encouraged by the Singapore government to stay indoors over virus concerns.

We expect to face uncertainty in our business outlook amid the Coronavirus epidemic affecting businesses in Singapore. As the spread and impact of the Coronavirus are still developing, it is premature and impracticable to precisely assess the duration, scale and extent of its impact on the Singapore economy and the likely overall impact on our performance in the future.

Save as aforesaid and as disclosed in the sub-section headed “Listing expenses and their effects on our financial performance” above and the non-recurring expenses relating to the Listing, and taking into account the estimated of cost savings and government support totalling approximately S\$1.5 million as described above, our Directors confirm that there had not been any material adverse changes to our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had affected or would materially and adversely affect our business operations or financial conditions.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES AND STRATEGIES

Our objective is to enhance our market position in the food and beverage industry in Singapore and become one of the largest artisanal bakery chain retailers in Singapore. For details of our business strategies, please refer to the section headed “BUSINESS — Our business strategies” in this prospectus.

FUTURE PLANS

We estimate that the net proceeds of the Share Offer (after deducting underwriting fees and estimated Listing expenses in connection with the Share Offer and assuming the Offer Size Adjustment Option is not exercised) based on the Offer Price of HK\$1.0 per Offer Share, being the mid-point of the indicative Offer Price range, will be approximately HK\$29.9 million (equivalent to S\$5.2 million) (“**Reference Net Proceeds**”). We intend to apply such net proceeds for the following purposes:

- approximately HK\$22.5 million (equivalent to S\$3.9 million), representing approximately 75.2% of the Reference Net Proceeds, will be used to open nine artisanal bakery outlets under “*Proofer*” brand, four Japanese fast casual dining restaurants under “*Yuba Hut*” brand, one Western fast casual dining restaurant under “*Laura*” brand and one Western fast casual dining restaurant under “*Proofer*” brand;
- approximately HK\$2.8 million (equivalent to S\$0.5 million), representing approximately 9.3% of the Reference Net Proceeds, will be used to expand our workforce including hiring one operation manager for our existing central kitchen, three bakers, three chefs, one human resource executive, one account executive and one marketing manager;
- approximately HK\$2.7 million (equivalent to S\$0.5 million), representing approximately 9.0% of the Reference Net Proceeds, will be used to purchase machineries and equipment for our existing central kitchen and to set up a new cake room to accommodate our planned business expansion;
- approximately HK\$0.5 million (equivalent to S\$0.1 million), representing approximately 1.7% of the Reference Net Proceeds, will be used to purchase a lorry for delivery of dough and bakery products (including cakes and loaves);
- approximately HK\$1.4 million (equivalent to S\$0.3 million), representing approximately 4.8% of the Reference Net Proceeds, will be utilised by our Group as general working capital.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds from the Share Offer will be fully utilised by 30 June, 2021 according to our current business plans. Our Directors consider that the net proceeds from the Share Offer will be sufficient to finance our business plans as scheduled up to 30 June, 2021. In the event that the net proceeds from the Share Offer is insufficient to finance the expenditures as mentioned above, we will finance such expenditures by utilising internal resources. We will finance any of our plans after 30 June, 2021 using our own internal resources.

In the event that the Offer Price is set at the high-end of the proposed Offer Price range, and assuming the Offer Size Adjustment Option is not exercised, our Company will receive additional net proceeds of the Share Offer of approximately HK\$5.3 million (equivalent to S\$0.9 million) when compared to the Reference Net Proceeds, which will be used in the same proportions as set out above.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range, and assuming the Offer Size Adjustment Option is not exercised, the net proceeds of the Share Offer will be decreased by approximately HK\$5.5 million (equivalent to S\$1.0 million) when compared to the Reference Net Proceeds. Under such circumstances, our Company intends to reduce its allocation of the net proceeds to the above purposes on a pro-rata basis.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$1.0 per Offer Share being the mid-point of the indicative Offer Price range) are estimated to be approximately HK\$7.9 million (equivalent to S\$1.4 million), which would be allocated on a pro-rata basis in accordance with the proposed allocations set out above.

Our Directors consider that the net proceeds from the Share Offer together with our internal resources will be sufficient to finance the implementation of our business plans set forth below.

Prospective investors should note that the following implementation plans are formulated on the bases and assumptions referred to the “Bases and assumptions” below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors as set out in the section headed “RISK FACTORS” in this prospectus. There is no assurance that our business plans will materialise in accordance with the estimated time frame or that our Group’s future plans will be accomplished at all.

Details of our business plans are as follows:

(i) To expand our operation by opening new artisanal bakery outlets and fast casual dining restaurants

We expect to increase our bakery outlet and restaurant base from 26 as at 30 June, 2019 to 34 as at 30 June, 2020. Two of which, being one new Western fast casual dining restaurant under “*Laura*” brand and one Western fast casual dining restaurant under “*Proofer*” brand, are expected to be opened in May, 2020. The upfront costs associated with

FUTURE PLANS AND USE OF PROCEEDS

their openings will be funded by our internal resources. Please refer to the section headed “FINANCIAL INFORMATION — Recent Developments” in this prospectus for further details. We intend to further open four bakery outlets and five restaurants during the financial year ending 30 June, 2021.

Set out below is an outline of our plan to apply the net proceeds of the Share Offer to open new artisanal bakery outlets and fast casual dining restaurants after Listing:

- We target to open a total of nine new artisanal bakery outlets under “*Proofer*” brand, four Japanese fast casual dining restaurants under “*Yuba Hut*” brand, one Western fast casual dining restaurant under “*Laura*” brand and one Western fast casual dining restaurant under “*Proofer*” brand. We intend to apply HK\$22.5 million (equivalent to S\$3.9 million) from the Reference Net Proceeds (representing approximately 75.2% of the Reference Net Proceeds) to fund the upfront costs described more fully below.
- As part of our feasibility studies on our new bakery outlets and restaurants to be opened, we have considered factors such as accessibility (that is, proximity to public transport such as the MRT stations, bus terminals and Light Rail Transport stations), traffic patterns, visibility to shoppers, the degree of competition within the area, demographics (the age groups and average household income in the area) and rental costs.
- We will aim to adhere to our new store model involving typical upfront costs (including rental deposit, fit-out cost and capital expenditure) of around S\$200,000 to S\$300,000 per store (except for the “*Yuba Hut*” restaurant with the miniature “bullet train” rail system concept to be opened in Orchard, the Central Area and the “*Proofer*” restaurant to be opened in East Coast). We expect an average breakeven period of one to two months and an average payback period of nine months for “*Proofer*” bakery outlets; nine months for both “*Yuba Hut*” restaurants; seven months for “*Laura*” restaurants; and eight months for “*Proofer*” restaurants. The upfront costs for opening the “*Yuba Hut*” restaurant with miniature “bullet train” rail system concept is expected to exceed S\$300,000 because of its relatively high renovation, equipment and furniture costs, whereas for the “*Proofer*” restaurant, its upfront costs exceed S\$300,000 because it is located at a prime area and requires a high rental deposit.

FUTURE PLANS AND USE OF PROCEEDS

The following table sets out a breakdown of the new bakery outlets and restaurants we intend to open by 30 June, 2021 and their estimated upfront costs.

Target region	Expected commencement date	Expected size sq. ft.	Upfront costs					Total upfront costs
			Expected operating breakeven (Note 1) month	Expected investment payback (Note 2) month	Rental deposit S\$	Renovation, equipment and furniture S\$	Other costs	
Artisanal bakery outlets under "Proofer" brand								
Tanjong Pagar	June, 2020 (Note 4)	500	1	8	37,500	167,000	3,000	207,500
Bukit Merah	June, 2020 (Note 4)	400	1	7	22,200	167,000	3,000	192,200
Kallang	June, 2020 (Note 4)	400	1	7	19,800	167,000	3,000	189,800
Woodlands	June, 2020 (Note 4)	250	1	11	45,000	167,000	3,000	215,000
Bishan	June, 2020 (Note 4)	500	1	7	24,000	167,000	3,000	194,000
Habourfront	July, 2020	500	1	11	55,500	167,000	3,000	225,500
Changi	July, 2020	250	1	11	57,000	167,000	3,000	227,000
Serangoon Central	September, 2020	400	1	12	48,600	152,000	3,000	203,600
Orchard	December, 2020	500	1	12	55,500	224,000	3,000	282,500
Japanese fast casual dining restaurants under "Yuba Hut" brand								
Woodlands	June, 2020 (Note 4)	500	1	8	55,500	149,000	3,000	207,500
Bukit Panjang	July, 2020	1,140	1	7	42,900	163,000	3,000	208,900
Serangoon Central	September, 2020	400	1	9	48,600	149,000	3,000	200,600
Orchard	December, 2020	800	1	13	87,000	638,000	3,000	728,000
Western fast casual dining restaurants under "Laura" brand								
City Hall	February, 2021	500	1	9	45,000	219,000	3,000	267,000
Western fast casual dining restaurants under "Proofer" brand								
East Coast	January, 2021	800	1	11	120,200	260,000	5,000	<u>385,200</u>
Total								<u><u>3,934,300</u></u>

Notes:

1. Expected operating breakeven is the period required for a bakery outlet or restaurant to generate monthly revenue that is at least equal to its monthly expenses, taking into account non-cash items such as depreciation and amortisation expenses incurred for the relevant month.
2. Expected investment payback is the period required for a bakery outlet or restaurant to accumulate adequate operating cash inflows to cover the costs of opening and operations, including capital expenditures and ongoing cash operating expenses incurred.
3. Expected operating breakeven period and expected investment payback period are estimated based on our Directors' estimation after taking into account
 - (i) the estimated revenue of the new bakery outlets and restaurants based on their locations and area sizes, and historical performances of our existing bakery outlets and restaurants of similar locations and, or sizes, and the expected growth rates of chained artisanal bakery, Japanese fast casual dining and western fast casual dining markets according to the Euromonitor Report;
 - (ii) estimated gross profit margins of the new bakery outlets and restaurants based on our historical gross profit margins;

FUTURE PLANS AND USE OF PROCEEDS

- (iii) estimated operating expenses with reference to our current operating expense level and expected monthly rental for the new bakery outlets and restaurants;
 - (iv) (for the expected investment payback) the expected costs of fit-out, renovation, equipment and machineries, and other miscellaneous expenses expected to be incurred for the new bakery outlets and restaurants; and
 - (v) the historical breakeven and investment payback period of our existing bakery outlets and restaurants opened during the Track Record Period. See section headed “BUSINESS — Our Operations — Operating breakeven period and investment payback period” in this prospectus.
4. We are in negotiations with the landlord of a prospective site at Tanjong Pagar of the lease terms for opening a new *Proofer* bakery outlet in that region. Further, we are in the process of identifying suitable sites in Bukit Merah, Kallang, Woodlands and Bishan for opening four “*Proofer*” bakery outlets and one “*Yuba Hut*” restaurant in June, 2020. The Coronavirus outbreak however presents an opportunity for us to set up more outlets and, or restaurants as part of our expansion plan since some tenants have been moving out of premises and landlords are often more willing to offer competitive rental rates. As at the Latest Practicable Date, no tenancy offer had yet to be accepted by us in respect of these six new prospective stores.

(ii) Expansion of workforce

For the purpose of supporting our expansion plan and the resultant increase in operational, administrative and marketing workload, we intend to hire:

- one operation manager to oversee our central kitchen’s production and operation;
- three bakers and three chefs for our existing operations and the new cake room;
- one human resource executive to handle labour related matters and training for our employees;
- one account executive to handle procurement and customers complaints; and
- one marketing manager to plan and execute marketing and brands enhancement activities.

The total estimated costs for such workforce expansion will be approximately HK\$2.8 million (approximately S\$0.5 million), representing approximately 9.3% of the Reference Net Proceeds.

We will also utilise our internal funds to hire additional staff, such as service staff, bakers, chefs and shop in-charge for our planned new outlets when they are opened. In general, we require two kitchen staff and two service staff to operate each bakery outlet and restaurant and require one shop in-charge to supervise every three stores. We estimate that the average monthly salary (including related CPF contributions) per kitchen staff, service staff and shop in-charge will be approximately S\$2,500, S\$2,000 and S\$3,000, respectively.

FUTURE PLANS AND USE OF PROCEEDS

(iii) Upgrade our existing central kitchen and set up a new cake room to support our existing operation and future expansion

We currently centralise our production of dough and certain bakery products (including cakes and loaves) at our central kitchen. Our Directors consider that as our level of production for 2019 financial year and the four months ended 31 October, 2019 have reached 93.4% and 93.3% of our central kitchen's maximum capacity respectively, we need to upgrade our central kitchen and establish a new cake room so as to better support our existing operations and expansion plan post Listing. Please refer to the section headed "BUSINESS — Central Kitchen — Production facilities" in this prospectus for further details about our central kitchen's utilisation rate during the Track Record Period.

Upgrade existing central kitchen

We plan to automate certain steps within our dough production process by installing one dough divider and one cold room compressor at a total cost of approximately HK\$0.8 million (equivalent to approximately S\$0.1 million), representing approximately 2.6% of the Reference Net Proceeds, with a view to optimising our operational efficiency.

Items	Expected implementation date	Costs	
		S\$	HK\$ ^(Note)
One dough divider	August, 2020	127,800	731,000
One cold room compressor	August, 2020	8,680	49,600
Total		136,480	780,600

Note: Figures in Hong Kong dollars are rounded to the nearest hundreds.

Our Directors believe that the automation will enable us to:

- (i) shorten production time and reliably produce high volumes of equal-sized dough;
- (ii) ensure standardised process is strictly followed and safeguard the quality and hygiene of our products;
- (iii) reduce the amount of wastage created in the course of production; and
- (iv) minimise the risk of work-related injuries exposed to our staff due to prolonged work hours and use of knives.

FUTURE PLANS AND USE OF PROCEEDS

Set up a new cake room

Taking into account our current operation scale and the new outlets to be opened as mentioned above, we intend to establish a central cake room in the second half of 2020 as part of our expansion plan so as to free up the limited space at our existing central kitchen and increase our production capacity. We plan to lease an industrial unit of a size of approximately 2,200 sq. ft. that is close to our existing central kitchen so as to facilitate efficient logistics, storage and human resources management. The estimated monthly cost of leasing for the new cake room is S\$4,300. In addition to the renovation work required for transforming the unit into a cake room, we intend to (i) establish two freezer rooms inside the unit; and (ii) purchase and install 10 stainless steel tables; two ovens; 50 trolley racks; 1,500 trays; two mixers; and one cake cutter.

Based on the quotations we obtained from external contractors and merchants, the estimated total set up costs for our new cake room are approximately HK\$1.9 million (equivalent to approximately S\$0.3 million), representing approximately 6.4% of the Reference Net Proceeds. Breakdown of such set up costs are as follows:

Item	Costs		Expected implementation date
	S\$	HK\$ ⁽²⁾	
Security deposit ⁽¹⁾	10,500	60,100	May, 2020
Renovation	153,000	875,200	May, 2020
Two freezer room systems	51,600	295,200	May, 2020
Ten stainless steel tables	16,650	95,200	July, 2020
Two ovens	24,000	137,300	July, 2020
50 trolley racks	20,000	114,400	July, 2020
1,500 trays	33,000	188,800	July, 2020
Two mixers	11,600	66,400	July, 2020
One cake cutter	23,000	131,600	July, 2020
Total	343,350	1,964,200	

Notes:

- (1) Security deposit for the new cake room (assuming to be three months' rent) will be funded by our Group's internal resources.
- (2) Figures in Hong Kong dollars are rounded to the nearest hundreds.

FUTURE PLANS AND USE OF PROCEEDS

We expect that after the upgrade of our existing central kitchen and setup of the new cake room, our annual production capacity will be increased by 31.3%, and our enlarged capacity is expected to represent about 137.7% of our current total bakery production (with reference to the actual production in October, 2019).

Subject to compliance with the relevant requirement(s) under the Employment Act, we may request our central kitchen staff to work overtime to satisfy any surge in demand for dough and bakery products (See section headed “REGULATORY OVERVIEW — Overview of the laws and regulations of Singapore — Law and regulations relating to our business operations — Employment Act (Chapter 91) of the Statutes of the Republic of Singapore” in this prospectus for details of the relevant requirement(s) under the Employment Act). Further, the establishment of our new cake room in July, 2020 will expand our production capacity forthwith. Designated space at our central kitchen will also be released to enable us to hire new staff for the dough production. Our Directors believe that the abovementioned arrangements will enable us to meet the expected surge in demand for dough and cakes from the new “*Proofer*” bakery outlets and restaurants to be opened by July, 2020.

(iv) Purchase a lorry for delivery of dough and bakery products (including cakes and loaves)

We have an in-house logistic team comprising two drivers and rented trucks to transport dough and other bakery products (including cakes and loaves) from our central kitchen to our bakery outlets and restaurants. We plan to expand our logistic team by purchasing a lorry at an estimated cost of HK\$0.5 million (equivalent to approximately S\$0.1 million), representing approximately 1.7% of the Reference Net Proceeds, in order to cope with our increased production volume of dough and bakery products (including cakes and loaves) and number of bakery outlets in the future. Our Directors consider that it is in the interest of our Group to purchase instead of leasing an additional lorry because: (i) it costs less in the long term; (ii) it enables our Group to customise its load space to be half-refrigeration and half-room temperature, so that dough and bakery products, and other frozen food items can be delivered together; and (iii) it enables our Group to customise the appearance of the lorry such as displaying our registered trademarks and logos for marketing purposes.

(v) Working capital

We intend to use the remaining balance of approximately HK\$1.4 million (equivalent to approximately S\$0.3 million), representing approximately 4.8% of the Reference Net Proceeds, as working capital for our daily operation and other general corporate purposes by 30 June, 2021.

FUTURE PLANS AND USE OF PROCEEDS

The following table shows a breakdown of our use of the Reference Net Proceeds for the period from the Listing Date to 30 June, 2021:

	For the six months ending 30 June, 2020 S\$'000	For the six months ending 31 December, 2020 S\$'000	For the six months ending 30 June, 2021 S\$'000	Total S\$'000	Approximate percentage of Reference Net Proceeds %
New artisanal bakery outlets and fast casual dining restaurants openings					
"Proofer" bakery outlets	1,159.6	777.5	0	1,937.1	37.0
"Yuba Hut" restaurants	465.0	880.0	0	1,345.0	25.7
"Laura" restaurant	0	45.0	222.0	267.0	5.1
"Proofer" restaurant	0	120.2	265.0	385.2	7.4
Expansion of workforce	0	238.7	245.7	484.4	9.3
Upgrade of existing central kitchen					
Purchase and installation of automated production machineries	0	136.5	0	136.5	2.6
Set up of a cake room					
Renovation and establishment of freezer rooms	204.6	0	0	204.6	3.9
Purchase and installation of machineries and equipment	0	128.3	0	128.3	2.5
Purchase of a lorry	88.8	0	0	88.8	1.7
General working capital	36.3	108.9	108.9	254.2	4.8
Total				100.0	

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes and to the extent permitted by applicable laws and regulations, and, or if we are unable to effect any part of our future plans as intended, our Directors intend that such net proceeds be placed in short-term interest bearing deposit accounts with licensed banks and, or financial institutions in Hong Kong and, or Singapore. In the event that we would require additional financing apart from the net proceeds from the Share Offer for our future plans, the shortfall will be financed by our internal resources and, or bank financing.

REASONS FOR LISTING

Our Directors believe that the Listing will benefit our Group for the following reasons:

- i. We have been striving for growth and expansion since we commenced our bakery business in 2013 as demonstrated by the rapid increase in the number of our bakery outlets to 19 as at the Latest Practicable Date. We also attempted to broaden our income streams by introducing new concept fast casual dining restaurants and bakery outlets, namely, our "Yuba Hut" restaurant in 2017, "Proofer" and "Laura" restaurants and "300 BC" bakery outlet in 2018. Our Directors believe that our Group will require intensive capital to continue to grow

FUTURE PLANS AND USE OF PROCEEDS

following the abovementioned expansion plan and maintain its competitiveness within the food and beverage industry. Accordingly, external financing such as the Share Offer is crucial for our success in the future.

- ii. During the Track Record Period and up to the Latest Practicable Date, we have largely relied on our internal resources and external debt financings for our business operations and expansion. As at 31 October, 2019, our Group had utilised bank loans totalling S\$1.0 million (equivalent to approximately HK\$5.7 million). At the requests of our bank creditors, all of such loans were secured by way of personal guarantees given by our Controlling Shareholders.

We understand that financial institutions generally require borrowers to provide assets as securities for loans. However, as our business does not require heavy assets and that we only lease instead of purchase the office, central kitchen and shops in which we carry out our operation, our capacity to borrow is limited and we may not be able to implement our expansion plans relying solely on debt financing. Also, personal guarantees given by our Controlling Shareholders will likely be required for our Group to obtain any additional bank financing, which would increase our reliance on our Controlling Shareholders and impair our financial independence.

Having considered: (a) the inherent limitation on the amount of debt that we may be able to raise; (b) the interest expenses on debt financing that would be incurred; (c) the uncertain economic factors such as a rise in interest rate; and (d) possible covenants attached to the additional debts which may limit further financing activities, our Directors believe that equity financing is preferable to us and the Share Offer represents a good opportunity for our Group to tap into the capital market which provides a more cost effective fundraising platform to support our business development plan in the future;

- iii. Our Directors believe that upon Listing, our Group's corporate profile will be enhanced and our brands' awareness will be increased. Since a public company is generally viewed to have well established internal and quality control systems, prospective customers may place greater confidence in us and be more willing to try our food products. Also, our current and prospective suppliers and landlords may prefer to do business with a company listed on a credible stock exchange for the reason of its obligation to publish financial statements regularly and make announcements for any material information in respect of its business development on an ongoing basis. Further, we may even enjoy greater bargaining power in negotiating terms with our suppliers and higher success rate in obtaining a satisfactory shop from potential landlords.

FUTURE PLANS AND USE OF PROCEEDS

- iv. Our Directors believe that the Listing will help us attract talents from Singapore and other regions to join our Group and motivate our existing staff to further develop their career with us in view of our status as a listed company and its potential expansion. The Share Option Scheme we adopted on 24 April, 2020 will be effective upon Listing. The purposes of the Share Option Scheme are to reward our employees' contribution to our Group and to attract and retain talents. Also, we believe the Share Option Scheme is an effective means to align the interests of our employees and our Group as it encourages them to work towards enhancing the value of our Shares for the benefit of our Group and Shareholders as a whole. Although a share option scheme may also be adopted without the Listing, the lack of liquidity in private company shares will reduce the attractiveness of the scheme and fail to accomplish the purposes mentioned above. Please refer to the section headed "STATUTORY AND GENERAL INFORMATION — Share Option Scheme" in Appendix IV to this prospectus for a summary of principal terms of the Share Option Scheme.
- v. Upon Listing, our Shares will be freely traded on the Stock Exchange. Our Directors believe that the Listing will greatly enhance the liquidity of our Shares and increase our ability to attract strategic investors to invest in our Company and, or form strategic partnerships with our Group.

Our Directors had considered and evaluated Hong Kong and Singapore as the potential listing venues and have decided to list on the Stock Exchange for the following reasons:

- i. The Singapore Exchange Limited ("**SGX**") currently maintains two boards, the Mainboard and the Catalist, which have very different admission criteria and process, listing rules and characteristics of companies listed on them. To list on SGX's Mainboard, an applicant must satisfy, among others, one of the following quantitative criteria:
 - (i) a minimum consolidated pre-tax profit of at least S\$30 million (or approximately HK\$171.6 million) for the latest financial year and an operating track record of at least three years;
 - (ii) profitable in the latest financial year (pre-tax profit based on the latest full year consolidated audited accounts), with an operating track record of at least three years and a market capitalisation at the time of listing of not less than S\$150 million (or approximately HK\$861 million); and
 - (iii) generated operating revenue in the latest completed financial year and have a market capitalisation at the time of listing of not less than S\$300 million.

FUTURE PLANS AND USE OF PROCEEDS

After careful review of our Group's financial performances and estimation of the potential market capitalisation of our Group upon Listing, our Directors were of the view that our Group would not be able to satisfy any of the said three criteria. In contrast, SGX's Catalist does not impose any quantitation requirements on the applicant's historical financial performances nor its estimated market capitalisation upon Listing. However, our Directors had considered the Catalist's total market capitalisation, total turnover value, equity funds raised through initial public offerings, and concluded that GEM would be the preferable destination for our Group's listing. A summary of statistics relating to the Catalist and GEM for the calendar year of 2018 considered by our Directors is set out below:

	Total market capitalisation	Total turnover value	Equity funds raised through initial public offerings
GEM	HK\$186.18 billion	HK\$127.49 billion	HK\$5.06 billion
Catalist	S\$10.5 billion (approximately HK\$60.25 billion)	S\$3.5 billion (approximately HK\$20.15 billion)	S\$0.19 billion (approximately HK\$1.09 billion)

Source: Reports published by SGX and the Stock Exchange

- ii. our Directors consider that the location of our operations is not the determinant of our listing venue. Despite the fact that our operations are located in Singapore, our Directors acknowledge that the Stock Exchange, being one of the largest and internationalised stock exchanges in the world, welcomes companies with Asian nexus to raise capital and list in Hong Kong; and
- iii. some of our existing landlords (or their associate companies) are currently listed or had listed on the Stock Exchange. Also, in view of the growing number of Chinese landlords entering the Singapore market over the past decade, our Directors believe that our Group's status as a listed company on the Stock Exchange would be recognised by those landlords as having attained a satisfactory level of corporate governance and financial strength and increase their willingness to lease their shops to our Group.

FUTURE PLANS AND USE OF PROCEEDS

Bases and assumptions

Potential investors should note that the attainability of our Group's business objectives and strategies depends on a number of assumptions and in particular:

- we will not be materially or adversely affected by changes in the existing political, legal, fiscal, social or economic conditions in Hong Kong, Singapore or in any other places in which any member of our Group carries on its business or will carry on its business;
- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- we will not be materially or adversely affected by changes in the bases or rates of taxation in Hong Kong, Singapore or in any other places in which any member of our Group operates or will operate;
- we will not be materially or adversely affected by any changes in inflation rates, interest rates or exchange rates that are currently prevailing;
- there will be no material changes in legislation or regulations whether in Hong Kong, Singapore or elsewhere materially affecting the business carried on by our Group;
- there will be no significant changes in our Group's business relationship with our customers, suppliers and landlords;
- the Share Offer will be completed in accordance with and as described in the section headed "STRUCTURE AND CONDITIONS OF THE SHARE OFFER" in this prospectus;
- there will be no material changes in the funding required for each of the scheduled application of funds as outlined under the sub-section headed "Future plans" above;
- our Group will not be materially affected by the risk factors as set out in the section headed "RISK FACTORS" in this prospectus; and
- our operations will not be materially affected or interrupted by any *force majeure* events, unforeseeable factors or any unforeseeable reasons that are beyond the control of our Directors.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Elstone Securities Limited

CRIC Securities Company Limited

Zhongtai International Securities Limited

Emperio Securities And Assets Management Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription of 6,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms.

Subject to, among other matters, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the GEM Listing Committee and to certain other conditions set out in the Public Offer Underwriting Agreement (including, among others, the Joint Global Coordinators, for themselves and on behalf of the Underwriters, and our Company agreeing to the final Offer Price), the Public Offer Underwriters have agreed on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is conditional upon and subject to, among others, the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated. The Public Offer Shares are fully underwritten pursuant to the Public Offer Underwriting Agreement.

Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters) have the right, in their sole and absolute discretion, to terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement by giving notice in writing to our Company with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the “**Termination Time**”) if prior to the Termination Time:

- i. there comes to the notice of the Joint Global Coordinators or any of the Public Offer Underwriters:
 - (a) any matter or event showing any of the representations, warranties, agreements and undertakings given to the Public Offer Underwriters under the Public Offer Underwriting Agreement to be untrue, inaccurate or

UNDERWRITING

misleading in any material respect when given or repeated or there has been any material breach of any of the representations, warranties, obligations or undertakings contained in the Public Offer Underwriting Agreement or any other provisions of the Public Offer Underwriting Agreement by any party to the Public Offer Underwriting Agreement (other than the Joint Global Coordinators or any of the Public Offer Underwriters); or

- (b) any statement contained in this prospectus, the Application Forms, the post hearing information pack, any supplemental offering materials, announcement, the formal notice to be published in connection with the Public Offer, the roadshow materials and any other documents published or issued by or on behalf of our Company, or the Underwriters for the purposes of or in connection with the Share Offer ("**Offer Documents**") considered by the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute opinion to be material in the context of the Share Offer, was or has become or been discovered to be materially untrue, incorrect or misleading in any respect, or that any forecast, expression of opinion, intention or expectation expressed in any Offer Documents is not, in the sole and absolute opinion of the Joint Global Coordinators, fair and honest and based on reasonable assumptions, when taken as a whole; or
- (c) any person (other than the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Offer Documents with the inclusion of its reports, letters, summaries of valuations and, or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (d) our Company withdraws any of the Offer Documents (and, or any other documents used in connection with the contemplated subscription of Offer Shares) or the Share Offer; or
- (e) any event, act or omission which gives or is likely to give rise to any liability of the warrantors under the Public Offer Underwriting Agreement pursuant to the indemnity provisions therein; or
- (f) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, have constituted an omission therefrom considered by the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters) in their sole and absolute opinion to be material in the context of the Share Offer; or
- (g) approval by the GEM Listing Committee of the listing of, and permission to deal in, the Shares (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme) is refused or not granted before

UNDERWRITING

the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

- ii. there shall develop, occur, exist or come into effect:
 - (a) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, Coronavirus, avian influenza A (H5N1), Swine Flu (H1N1) or such related or mutated forms) or interruption or delay in transportation) in or affecting any of Hong Kong, the PRC, the United States, the Cayman Islands, the BVI, Singapore or any other jurisdictions relevant to any member of our Group or the Share Offer (the “**Relevant Jurisdictions**”); or
 - (b) any change or development involving a prospective change, or any event or series of events likely to result in or represent any change or development involving a prospective change, in local, national, regional, international, financial, political, economic, legal, military, industrial, fiscal, regulatory, currency, or market conditions (including, without limitation, any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency, or any interruption in monetary or trading or securities settlement or clearance services or procedures or matters) in or affecting Hong Kong or anywhere in the world; or
 - (c) any new law or regulation or any change or development involving a prospective change in any existing law or regulation, or any change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
 - (d) (A) any suspension or limitation on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or (B) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions or any other relevant jurisdiction, declared by the relevant

UNDERWRITING

- authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, in the case of either (A) or (B), in or affecting any of the Relevant Jurisdictions; or
- (e) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for any of the Relevant Jurisdictions on any member of our Group; or
 - (f) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment laws in any of the Relevant Jurisdictions or affecting an investment in the Shares; or
 - (g) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “RISK FACTORS” in this prospectus; or
 - (h) the chairman or chief executive officer of our Company vacating his office; or
 - (i) a prohibition on our Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Share Offer; or
 - (j) non-compliance of this prospectus (and, or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other laws applicable to the Share Offer; or
 - (k) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
 - (l) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
 - (m) an event where, as a result of market conditions or otherwise, a material portion of the orders in the bookbuilding process at the time the Placing Underwriting Agreement is entered into, has been withdrawn or cancelled and the Joint Global Coordinators, in their absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Share Offer; or
 - (n) any material and valid litigation or claim being threatened or instigated against any member of our Group; or

UNDERWRITING

- (o) any of the executive Directors as set out in the section headed “DIRECTORS AND SENIOR MANAGEMENT” in this prospectus being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company or the commencement by any governmental, political or regulatory body of any action against any of the said Directors and senior management members in his capacity as such or an announcement by any governmental, political or regulatory body that it intends to take any such action; or
- (p) any contravention by any Controlling Shareholders as warrantors, any member of our Group or any Director of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFO or any of the GEM Listing Rules; or
- (q) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and, or any other documents pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules,

which in each case or in aggregate in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Public Offer Underwriters):

- (i) is or will or could be expected to have material adverse effect on the general affairs, management, business, financial, trading or other condition or prospects or risks of our Company or our Group or any member of our Group or on any present or prospective shareholder in his or its capacity as such; or
- (ii) has or will have or could be expected to have material adverse effect on the success, marketability or pricing of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or
- (iii) makes it or may make it impracticable, inadvisable or inexpedient to proceed with or to market the Public Offer and, or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by the Offer Documents or the formal notice or shall otherwise result in an interruption to or delay thereof; or
- (iv) has or will have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and, or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

UNDERWRITING

Indemnity

Our Company, our Controlling Shareholders and our executive Directors, have agreed to indemnify the Public Offer Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company, our Controlling Shareholders and our executive Directors of the Public Offer Underwriting Agreement.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, except for the issue of the Shares pursuant to the Share Offer (including pursuant to the Offer Size Adjustment Option), the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of Shares or exercise thereof or as otherwise with the Joint Global Coordinators' prior written consent, and unless in compliance with the GEM Listing Rules, our Company shall not, and shall procure none of our subsidiaries will, within the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-Month Period**"):

- i. save as permitted under the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules) and the applicable laws, allot or issue or agree to allot or issue, either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any other securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares); or
- ii. enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities; or
- iii. enter into any transaction with the same economic effect as any transaction specified in i or ii above; or
- iv. offer to or agree to do any of the foregoing or announce any intention to do so,

in each case, whether any of the foregoing transactions specified in paragraphs i, ii and iii above is to be settled by delivery of the Shares or such other securities of our Company or any member of our Group, in cash or otherwise. In the event of our Company entering into or agreeing to enter into any of the foregoing by virtue of the aforesaid exceptions or during the six-month period commencing from the expiry of the First Six-Month Period (the "**Second Six-Month Period**"), it will take all reasonable steps to ensure that such action will not create a disorderly or false market in any of the Shares or other securities of our Company.

UNDERWRITING

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders jointly and severally has undertaken to our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, he, she or it shall not and shall procure his, her or its associates and the relevant registered holder(s) and companies controlled by him, her or it and any nominee or trustee holding in trust for him, her or it will not, without the Joint Global Coordinators' prior written consent and unless in compliance with the Listing Rules:

- i. in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholder is made in this prospectus and ending on, and including, the date which is 12 months from the Listing Date (the "**First Twelve-Month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect (the "**Encumbrances**") in respect of any of the Shares in respect of which he, she or it is shown in this prospectus to be the beneficial owner(s); and
- ii. in the 12 month period immediately following the expiry of the First Twelve-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any Encumbrances in respect of any of the Shares under sub-paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such Encumbrances, he, she or it would, either individually or taken together with the others of them, cease to be a controlling shareholder (as defined in the GEM Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that within a period commencing on the date by reference to which disclosure of his, her or its shareholding in our Company is made in this prospectus and ending on the date which is 24 months from the Listing Date:

- i. when he, she or it pledges or charges any of his, her or its direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in paragraphs above, he, she or it must inform our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters as soon as practicable thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
- ii. if he, she or it has pledged or charged any of his, her or its interest in the Shares under sub-paragraph i above, he, or she, or it must inform our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers as soon as practicable in the event that he, she or it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares affected.

UNDERWRITING

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event as described in the sub-section headed “Underwriting arrangements and expenses — Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” above and shall make a public disclosure by way of announcement in accordance with the GEM Listing Rules.

Undertakings to the Stock Exchange pursuant to the GEM Listing Rules

Undertakings by our Company

Pursuant to Rule 17.29 of the GEM Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer and the Capitalisation Issue or in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

Undertakings by our Controlling Shareholders

In accordance with Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer or unless in compliance with the requirements of the GEM Listing Rules, he, she or it shall not, and shall procure that the relevant registered holder(s) shall not,

- i. at any time during the period commencing on the date by reference to which disclosure of his, her or its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of our Company in respect of which he, she or it is shown by this prospectus to be the beneficial owner; or
- ii. at any time during the period of 12 months from the date on which the period referred to in paragraph i above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph i above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he, she or it would cease to be our Controlling Shareholder.

UNDERWRITING

Each of our Controlling Shareholders has further undertaken to the Stock Exchange and our Company that he, she or it will, within a period of commencing on the date by reference to which disclosure of his, her or its shareholding is made in this prospectus and ending on the date which is 24 months from the Listing Date, immediately inform us of:

- i. any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favour of any authorised institution and the number of such Shares or other securities of our Company so pledged or charged; and
- ii. when he, she or it or the relevant requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

PLACING

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and our Controlling Shareholders will enter into the Placing Underwriting Agreement with the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to severally, but not jointly, agree to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the 54,000,000 Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the sub-section headed “Underwriting arrangements and expenses — Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” above. It is also expected that upon entering into the Placing Underwriting Agreement, the Placing will be fully underwritten.

Our Company is expected to grant to the Placing Underwriters the Offer Size Adjustment Option exercisable by the Joint Global Coordinators (for themselves and on behalf of the Placing Underwriters). Please refer to the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER — Offer Size Adjustment Option” for further details.

UNDERWRITING

COMMISSION AND EXPENSES

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission at a progressive rate as follows: (i) 9% for the gross proceeds received from the Share Offer of HK\$60 million or below; and (ii) 12% for any gross proceeds received from the Share Offer in excess of HK\$60 million. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable of the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters. The commissions payable to the Underwriters will be borne by our Company in full.

Based on the Offer Price of HK\$1.0 per Offer Share (being the mid-point of the indicative range of the Offer Price), the aggregate commission and fees payable to the Underwriters, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$30.1 million (equivalent to approximately S\$5.3 million) in total (assuming the Offer Size Adjustment Option is not exercised).

SOLE SPONSOR'S AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sole Sponsor will receive a documentation fee. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the sub-section headed "Commission and expenses" above.

We have appointed Anglo Chinese as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sole Sponsor and the Underwriters is interested legally or beneficially in shares of any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group or has any interest in the Share Offer.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 6A.07 of the GEM Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23 of the GEM Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

The Share Offer comprises:

- (i) the Public Offer of initially 6,000,000 Shares (subject to reallocation) in Hong Kong as described in the sub-section headed “The Public Offer” below; and
- (ii) the Placing of initially 54,000,000 Shares (subject to reallocation and the Offer Size Adjustment Option) as described in the sub-section headed “The Placing” below.

Investors may apply for the Public Offer Shares under the Public Offer or indicate an interest for the Placing Shares under the Placing, but may not do both. The number of Offer Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as described in the sub-section headed “Reallocation” below.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 6,000,000 Public Offer Shares at the Offer Price for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially offered under the Share Offer. Subject to the reallocation of Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of our Company’s enlarged issued share capital immediately after completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised).

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him or her or it that he or she or it and any person(s) for whose benefit he or she or it is making the application has not applied for or indicated an interest for or taken up any Placing Shares or otherwise participated in the Placing. Applicants should note that if such undertaking and, or confirmation given by an applicant is breached and, or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected. Multiple or suspected multiple applications under the Public Offer and any application for more than 100% of the Public Offer Shares initially available for subscription (i.e. 6,000,000 Public Offer Shares) are liable to be rejected.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE PLACING

Number of Placing Shares initially offered

Our Company is expected to offer initially 54,000,000 Placing Shares (subject to reallocation and the Offer Size Adjustment Option) at the Offer Price under the Placing. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issue share capital immediately after the completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised).

It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and, or other investors. Professional and institutional investors may include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation

Allocation of the Placing Shares pursuant to the Placing will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and, or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the sub-section headed "Conditions of the Share Offer" in this section.

REALLOCATION

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) if both the Public Offer Shares and the Placing Shares are undersubscribed, the Share Offer shall not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements;
- (b) if the Public Offer Shares are undersubscribed and the Placing Shares are oversubscribed, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Joint Global Coordinators deem appropriate;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (c) if the Placing Shares are fully subscribed or oversubscribed, and:
- (i) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Public Offer, then 12,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 18,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available under the Share Offer;
 - (ii) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Public Offer, then 18,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 24,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available under the Share Offer; and
 - (iii) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Public Offer, then 24,000,000 Offer Shares will be reallocated to the Public Offer from the Placing, so that the number of the Offer Shares available under the Public Offer will be increased to 30,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available under the Share Offer,

in each case the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

- (d) pursuant to the Stock Exchange's Guidance Letter HKEX-GL91-18:
- (i) if the Placing Shares are undersubscribed and if the Public Offer Shares are fully subscribed or oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer in such circumstances; or
 - (ii) if the Placing Shares are fully subscribed or oversubscribed, and if the Public Offer Shares are fully subscribed or oversubscribed but the number of Shares validly applied for under the Public Offer represents less than 15 times of the initial number of the Public Offer Shares,

then, provided that the final Offer Price is fixed at the low-end of the indicative Offer Price range (i.e. HK\$0.90 per Offer Share) as stated in this prospectus, up to 6,000,000 Offer Shares may be reallocated from the Placing to the Public Offer to satisfy valid applications under the Public Offer, so that the total number of Offer

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Shares available for subscription under the Public Offer will be increased up to 12,000,000 Offer Shares, and such limit represents 20% of the number of the Offer Shares initially available under the Share Offer.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

OFFER SIZE ADJUSTMENT OPTION

Pursuant to the Offer Size Adjustment Option, the Joint Global Coordinators (for themselves and on behalf of the Placing Underwriters) will have the right, exercisable with the prior consent of our Company at any time during the period from the date of this prospectus to before 6:00 p.m. on the Business Day immediately prior to the date of the announcement of the level of indication of interest in the Share Offer (otherwise the Offer Size Adjustment Option will lapse), to require our Company to allot and issue up to an aggregate of 9,000,000 additional Shares at the Offer Price, representing 15% of the total number of Offer Shares initially available under the Share Offer, to cover any excess demand or over-allocations in the Placing, subject to the terms of the Placing Underwriting Agreement.

If the Offer Size Adjustment Option is exercised in full, the additional Shares will represent approximately 3.6% of the enlarged issued share capital of our Company immediately following the completion of the Share Offer, the Capitalisation Issue and the exercise of the Offer Size Adjustment Option. If the Offer Size Adjustment Option is exercised in full, we estimate that the additional net proceeds to be received by our Company will be approximately HK\$7.9 million (equivalent to S\$1.4 million) (based on the Offer price of HK\$1.0 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting all related expenses (including underwriting fees). The additional net proceeds received from the offer of the additional Shares allotted and issued will be allocated in accordance with the allocations as disclosed in the section headed "FUTURE PLANS AND USE OF PROCEEDS" in this prospectus on a pro rata basis.

For the avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Joint Global Coordinators to meet any excess demand or over-allocations in the Placing. The Offer Size Adjustment Option will not be associated with any price stabilization activities of the Shares in the secondary market after the Listing and will not be subject to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). No purchase of the Shares in the secondary market will be effected to cover any excess demand or over-allocations in the Placing which will only be satisfied by the exercise of the Offer Size Adjustment Option in full or in part.

We will disclose in the allotment results announcement the basis of allocation of the Public Offer Shares whether, and to what extent, the Offer Size Adjustment Option has been exercised. If the Offer Size Adjustment Option is not exercised by the Joint Global Coordinators (for themselves and on behalf of the Placing Underwriters), we will confirm in such announcement that the Offer Size Adjustment Option will lapse and cannot be

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

exercised on any future date. The allotment results announcement will be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.proofer.com.sg.

PRICING OF THE SHARE OFFER

Determining the Offer Price

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date.

Pricing for the Offer Shares for the purpose of the Share Offer will be fixed on the Price Determination Date, by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, which is expected to be on or around Friday, 8 May, 2020 or such later date as may be agreed by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and in any event, no later than Monday, 11 May, 2020.

If, for any reason, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by Monday, 11 May, 2020, the Share Offer will not proceed and will lapse.

Offer Price range

The Offer Price will be not more than HK\$1.1 per Offer Share and is expected to be not less than HK\$0.9 per Offer Share unless otherwise announced. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus.

Price payable on application

Applicants for Public Offer Shares under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$1.1 per Offer Share (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) amounting to a total of HK\$2,777.71 per board lot of 2,500 Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$1.1 per Offer Share, appropriate refund payments (including the related brokerage fee, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Announcement of Offer Price and basis of allocations

Our Company expects to announce the final Offer Price, together with the level of indication of interests in the Placing, the level of applications in the Public Offer and the basis of allocations of the Public Offer Shares on Friday, 15 May, 2020 on our Company's website at www.proofer.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters), with the consent of our Company, may extend or reduce the indicative Offer Price range stated in this prospectus and, or the number of the Offer Shares being offered at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such extension or reduction, and in any event not later than the morning of the last day lodging applications under the Public Offer, cause to be published on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.proofer.com.sg notices of the extension or reduction of the indicative Offer Price range and, or the number of the Offer Shares. Upon issue of such a notice, the revised number of the Offer Shares and, or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range and, or the number of the Offer Shares.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and, or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and, or the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus. However, if the number of Offer Shares and, or the Offer Price range is reduced, applicants under the Public Offer will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is conditional upon, among other things, the Placing Underwriting Agreement being executed and becoming unconditional.

Our Company expects to enter into the Placing Underwriting Agreement relating to the Placing with, among others, the Placing Underwriters, on or around the Price Determination Date. The underwriting arrangements and the respective Underwriting Agreements are summarised in the section headed "UNDERWRITING" in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

(a) Listing

The GEM Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option and any Shares which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme);

(b) Price Determination Agreement

The Offer Price having been agreed between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date; and

(c) Underwriting Agreements

The obligations of the Underwriters under each of the Public Offer Underwriting Agreement and the Placing Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Sponsor and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise prior to 8:00 a.m. (Hong Kong time) on the Listing Date). Details of the Underwriting Agreements, the conditions and grounds for termination, are set out in the section “UNDERWRITING” in this prospectus.

If any of the conditions is not fulfilled or waived by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by our Company on the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.proofer.com.sg.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Application has been made to the Stock Exchange for listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus. If the Stock Exchange grants the listing of and permission to deal in the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

trading day. Investors should seek the advice of their stockbrokers or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interest.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LISTING ON ANY OTHER STOCK EXCHANGE

Our Directors are not considering any listing of the Shares on any other stock exchange. We have not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, 18 May, 2020, it is expected that dealings in the Shares on GEM will commence at 9:00 a.m. on Monday, 18 May, 2020.

The Shares will be traded in board lots of 2,500 Shares each. Our Company will not issue any temporary document of title. The stock code of the Shares will be 8496.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for the Placing Shares.

To apply for the Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **eWhite Form** service at www.ewhiteform.com.hk;
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators and the **eWhite Form Service Provider** and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **eWhite Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number; and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If your application is made by a person under a power of attorney, our Company and the Joint Global Coordinators may accept or reject your application at their discretion, and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **eWhite Form** service for the Public Offer Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of shares in our Company and, or any of its subsidiaries;
- a Director or chief executive officer of our Company and, or any of its subsidiaries;
- a connected person of our Company or will become a connected person of our Company immediately upon completion of the Share Offer;
- an associate of any of the above; or
- have been allocated or have applied for or indicated an interest in any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR THE PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.ewhiteform.com.hk.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the prospectus and the Application Forms

You can collect a **WHITE** Application Form and a prospectus during the normal business hour from:

- (a) 9:00 a.m. on Wednesday, 29 April, 2020 until 12:00 noon on Wednesday, 6 May, 2020 at any of the following offices of the Public Offer Underwriters:

Elstone Securities Limited	Suite 1601–04, 16/F West Tower, Shun Tak Centre 168–200 Connaught Road Central Hong Kong
CRIC Securities Company Limited	Room 2007 & 2403 Great Eagle Centre 23 Harbour Road Wan Chai Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Zhongtai International Securities Limited 19/F, Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

Emperio Securities And Assets Management Limited 20/F, Siu On Centre
188 Lockhart Road
Wanchai
Hong Kong

- (b) 9:00 a.m. on Wednesday, 29 April, 2020 until 12:00 noon on Wednesday, 6 May, 2020 at any of the following branches of DBS Bank (Hong Kong) Limited:

District	Branch Name	Address
Hong Kong Island	United Centre Branch	Shops 1015–1018 on 1/F & Shops 2032–2034 on 2/F United Centre 95 Queensway Admiralty
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building 574–576 Nathan Road Mongkok
New Territories	Yuen Long Branch	G/F, 1–5 Tai Tong Road Yuen Long

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Wednesday, 29 April, 2020 until 12:00 noon on Wednesday, 6 May, 2020 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Forms, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Singapore Food Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Wednesday, 29 April, 2020	—	9:00 a.m. to 4:00 p.m.
Monday, 4 May, 2020	—	9:00 a.m. to 4:00 p.m.
Tuesday, 5 May, 2020	—	9:00 a.m. to 4:00 p.m.
Wednesday, 6 May, 2020	—	9:00 a.m. to 12:00 noon

To safeguard the health and safety of its employees and customers in light of the rapidly changing novel coronavirus situation in Hong Kong, the receiving bank referred to above may adjust its branch services (including branch operation hours) from time to time. For the latest arrangement on branch services, please refer to the DBS website at <https://www.dbs.com.hk/personal/default.page>.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 6 May, 2020, the last application day or such later time as described in the sub-section headed “10. Effect of bad weather on the opening of the application lists” in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully. Otherwise, your application may be rejected.

By submitting an Application Form or applying through the **eWhite Form** service, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and, or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (viii) agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and, or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and, or its agents to send any share certificate(s) and, or any e-Refund payment instructions and, or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and, or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **eWhite Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **eWhite Form** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH **eWHITE FORM SERVICE**

General

Individuals who meet the criteria in the sub-section headed “2. Who can apply” above, may apply through the **eWhite Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.ewhiteform.com.hk.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for Submitting Applications under the **eWhite Form**

You may submit your application to the **eWhite Form** Service Provider at www.ewhiteform.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Wednesday, 29 April, 2020 until 11:30 a.m. on Wednesday, 6 May, 2020 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 6 May, 2020 or such later time under the sub-section headed “10. Effect of bad weather on the opening of the application lists” below.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

No Multiple Applications

If you apply by means of **eWhite Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **eWhite Form** service to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **eWhite Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and, or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators and the Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and, or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and, or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and, or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage fee, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and, or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,500 Public Offer Shares. Instructions for more than 2,500 Public Offer Shares must be in one of the numbers set out in the table on the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions ^(Note)

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Wednesday, 29 April, 2020	—	9:00 a.m. to 8:30 p.m.
Monday, 4 May, 2020	—	8:00 a.m. to 8:30 p.m.
Tuesday, 5 May, 2020	—	8:00 a.m. to 8:30 p.m.
Wednesday, 6 May, 2020	—	8:00 a.m. to 12:00 noon

Note: These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and, or CCASS Investor Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Wednesday, 29 April, 2020 until 12:00 noon on Wednesday, 6 May, 2020 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 6 May, 2020, the last application day or such later time as described in the sub-section headed “10. Effect of bad weather on the opening of the application lists” below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and, or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite Form** Service Provider to public investors. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 6 May, 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **eWhite Form** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company;
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for the Public Offer Shares.

You must pay the maximum Offer Price, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full upon application for Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** service in respect of a minimum of 2,500 Public Offer Shares. Each application or **electronic application instructions** in respect of more than 2,500 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.ewhiteform.com.hk.

If your application is successful, brokerage fee will be paid to the Exchange Participants (as defined in the GEM Listing Rules), the SFC transaction levy and Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER — Pricing of the Share Offer” in this prospectus.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above,
- a “black” rainstorm warning, or
- an Extreme Condition,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 6 May, 2020.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have any of those warnings and condition in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 6 May, 2020, or if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or an Extreme Condition in force in Hong Kong that may affect the other dates mentioned in the section headed “EXPECTED TIMETABLE” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Friday, 15 May, 2020 on the website of our Company (www.proofer.com.sg) and the website of the Stock Exchange (www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.proofer.com.sg and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, 15 May, 2020;
- from the designated results of allocations website at www.ewhiteform.com.hk/results with a “search by ID” function on a 24-hour basis from 9:00 a.m. on Friday, 15 May, 2020 to 12:00 midnight on Thursday, 21 May, 2020;
- by telephone enquiry line, by calling 2153 1688 between 9:00 a.m. and 6:00 p.m. from Friday, 15 May, 2020 to Thursday, 21 May, 2020 (excluding Saturday and Sunday or public holiday in Hong Kong); and
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, 15 May, 2020 to Tuesday, 19 May, 2020 at the designated receiving bank branches.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which we may do by announcing the basis of allocations and, or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you.

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **eWhite Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the **eWhite Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of the Public Offer Shares is void:

The allotment of the Public Offer Shares will be void if the GEM Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists, or
- within a longer period of up to six weeks if the GEM Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and, or provisionally) the Public Offer Shares and the Placing Shares;
- your Application Form is not completed correctly in accordance with the instructions;
- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- any of the Underwriting Agreements does not become unconditional or is terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 100% of the Public Offer Shares initially offered under the Public Offer.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$1.1 per Offer Share (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with “STRUCTURE AND CONDITIONS OF THE SHARE OFFER — Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage fee, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Friday, 15 May, 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and, or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or about Friday, 15 May, 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, 18 May, 2020 provided that the Share Offer has become unconditional and the right of termination described in the section headed "UNDERWRITING" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form:

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and, or share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 15 May, 2020 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and, or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and, or share certificate(s) will be sent to the address on your Application Form on Friday, 15 May, 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, 15 May, 2020 by ordinary post and at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, 15 May, 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- ***If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)***

For Public Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

- ***If you are applying as a CCASS Investor Participant***

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "11. Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 15 May, 2020 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System.

(iii) If you apply through the eWhite Form service

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, 15 May, 2020, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, 15 May, 2020, by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(iv) If you apply via electronic application instruction to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, 15 May, 2020, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Public Offer in the manner specified in "11. Publication of results" above on Friday, 15 May, 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, 15 May, 2020 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, 15 May, 2020. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and, or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage fee, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, 15 May, 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SINGAPORE FOOD HOLDINGS LIMITED AND ANGLO CHINESE CORPORATE FINANCE, LIMITED

Introduction

We report on the historical financial information of Singapore Food Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-52, which comprises the combined statements of financial position as at 30 June, 2018 and 2019 and 31 October, 2019 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "Track Record Period") and the Company statement of financial position as at 30 June, 2019 and 31 October, 2019, and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-52 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 April, 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the combined financial position of the Group as at 30 June, 2018 and 2019 and 31 October, 2019 and of its combined financial performance and its combined cash flows for the Track Record Period, and the financial position of the Company as at 30 June, 2019 and 31 October, 2019 in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statements of comprehensive income, changes in equity and cash flows for the four months ended 31 October, 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by

the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 26 to the Historical Financial Information which contains information about the dividends paid by the companies now comprising the Group in respect of the Track Record Period.

No dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

29 April, 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore Dollar ("SGD" or "S\$") except when otherwise indicated.

(A) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	<i>Section // Note</i>	Year ended 30 June,		Four months ended 31 October,	
		2018	2019	2018	2019
		S\$	S\$	S\$	S\$
				(Unaudited)	
Revenue	5	9,591,303	16,319,367	4,137,157	5,388,564
Other income	6	43,065	165,959	23,018	43,917
Other losses	7	(7,640)	(29,538)	—	(56,424)
Raw materials and consumables used		(2,360,353)	(3,282,434)	(958,192)	(1,147,858)
Employee benefit cost	8	(2,592,407)	(3,776,468)	(1,155,772)	(1,425,010)
Expenses under short-term lease and variable lease payments		(151,291)	(300,689)	(66,912)	(89,348)
Depreciation of right-of-use assets		(2,141,230)	(3,846,261)	(1,140,959)	(1,420,081)
Depreciation of plant and equipments		(328,515)	(501,531)	(136,320)	(183,600)
Listing expenses		—	(1,279,667)	—	(1,174,908)
Other expenses	9	(502,810)	(652,111)	(212,047)	(299,773)
Finance income	10	27	69	3	12
Finance costs	10	(632,618)	(1,104,646)	(318,208)	(403,201)
Profit/(loss) before income tax		917,531	1,712,050	171,768	(767,710)
Income tax (expense)/credit	11	(56,357)	(260,712)	29,936	(1,981)
Profit/(loss) and total comprehensive income/ (loss) for the year attributable to owners of the Company		<u>861,174</u>	<u>1,451,338</u>	<u>201,704</u>	<u>(769,691)</u>
Earnings per share for profit attributable to equity holders of the Company					
— Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(B) COMBINED STATEMENTS OF FINANCIAL POSITION

	<i>Section II Note</i>	As at 30 June, 2018 S\$	2019 S\$	As at 31 October, 2019 S\$
ASSETS				
Non-current assets				
Plant and equipments	13	1,847,188	2,632,409	2,510,071
Right-of-use assets	14	12,800,382	16,881,143	15,499,930
Deferred tax assets	15	187,858	206,183	320,736
Deposits	16	<u>792,405</u>	<u>1,138,827</u>	<u>1,082,175</u>
		<u>15,627,833</u>	<u>20,858,562</u>	<u>19,412,912</u>
Current assets				
Inventories	17	87,109	114,410	137,426
Trade and other receivables, deposits and prepayments	16	747,584	758,688	1,143,635
Amount due from directors	18	2,143,674	4,826,678	4,800,931
Cash and cash equivalents	19	<u>771,562</u>	<u>2,792,845</u>	<u>2,154,839</u>
		<u>3,749,929</u>	<u>8,492,621</u>	<u>8,236,831</u>
Total assets		<u>19,377,762</u>	<u>29,351,183</u>	<u>27,649,743</u>
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Combined capital	20	1,680,000	1,780,000	4,427,500
Retained earnings		<u>1,922,610</u>	<u>3,373,948</u>	<u>1,304,257</u>
Total equity		<u>3,602,610</u>	<u>5,153,948</u>	<u>5,731,757</u>
LIABILITIES				
Non-current liabilities				
Provision for reinstatement cost	21	236,113	344,457	351,857
Lease liabilities	14	10,778,734	13,887,173	12,579,072
Borrowings	22	370,173	988,200	743,817
Deferred tax liabilities	15	<u>133,045</u>	<u>226,608</u>	<u>163,215</u>
		<u>11,518,065</u>	<u>15,446,438</u>	<u>13,837,961</u>
Current liabilities				
Trade and other payables	23	1,280,937	4,134,124	3,500,165
Current income tax liabilities		66,050	219,060	398,987
Lease liabilities	14	2,501,938	3,820,696	3,920,687
Borrowings	22	<u>408,162</u>	<u>576,917</u>	<u>260,186</u>
		<u>4,257,087</u>	<u>8,750,797</u>	<u>8,080,025</u>
Total liabilities		<u>15,775,152</u>	<u>24,197,235</u>	<u>21,917,986</u>
Total equity and liabilities		<u>19,377,762</u>	<u>29,351,183</u>	<u>27,649,743</u>

(C) STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	<i>Section II Note</i>	As at 30 June, 2019 S\$	As at 31 October, 2019 S\$
ASSETS			
Current assets			
Prepayments	16	<u>405,027</u>	<u>723,765</u>
Total assets		<u><u>405,027</u></u>	<u><u>723,765</u></u>
DEFICIT AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	28	—	—
Accumulated losses		<u>(1,292,365)</u>	<u>(2,467,273)</u>
Total deficit		<u>(1,292,365)</u>	<u>(2,467,273)</u>
LIABILITIES			
Current liabilities			
Other payables	23	688,519	1,633,801
Amount due to a group company	18	<u>1,008,873</u>	<u>1,557,237</u>
Total liabilities		<u>1,697,392</u>	<u>3,191,038</u>
Total deficit and liabilities		<u><u>405,027</u></u>	<u><u>723,765</u></u>

(D) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Section II Note	Attributable to the owners of the Company		
		Combined capital S\$	Retained earnings S\$	Total S\$
At 1 July, 2017		1,300,000	1,061,436	2,361,436
Profit and total comprehensive income for the year		—	861,174	861,174
Transaction with owners				
Incorporation of companies now comprising the Group		380,000	—	380,000
Balance as at 30 June, 2018		1,680,000	1,922,610	3,602,610
At 1 July, 2018		1,680,000	1,922,610	3,602,610
Profit and total comprehensive income for the year		—	1,451,338	1,451,338
Transaction with owners				
Incorporation of companies now comprising the Group		100,000	—	100,000
Balance as at 30 June, 2019		1,780,000	3,373,948	5,153,948
At 1 July, 2018		1,680,000	1,922,610	3,602,610
Profit and total comprehensive income for the period		—	201,704	201,704
Balance as at 31 October, 2018 (unaudited)		1,680,000	2,124,314	3,804,314
At 1 July, 2019		1,780,000	3,373,948	5,153,948
Loss and total comprehensive loss for the period		—	(769,691)	(769,691)
Transaction with owners				
Share issuance by a group company	20	2,647,500	—	2,647,500
Dividend	26	—	(1,300,000)	(1,300,000)
		2,647,500	(1,300,000)	1,347,500
Balance as at 31 October, 2019		4,427,500	1,304,257	5,731,757

(E) COMBINED STATEMENTS OF CASH FLOWS

	Section II Note	Year ended 30 June,		Four months ended 31 October,	
		2018 S\$	2019 S\$	2018 S\$	2019 S\$
(unaudited)					
Cash flow from operating activities					
Profit/(loss) for the year		861,174	1,451,338	201,704	(769,691)
Adjustments for:					
— Depreciation of plant and equipments		328,515	501,531	136,320	183,600
— Depreciation of right-of-use asset		2,141,230	3,846,261	1,140,959	1,420,081
— Finance costs		632,618	1,104,646	318,208	403,201
— Finance income		(27)	(69)	(3)	(12)
— Income tax expense/(credit)		56,357	260,712	(29,936)	1,981
— Foreign currency exchange difference		—	15,311	—	55,485
— Write-off of plant and equipments		7,640	14,227	—	939
Operating profit before working capital changes		4,027,507	7,193,957	1,767,252	1,295,584
Changes in working capital:					
— Trade and other receivables, deposits and prepayments		(817,086)	32,775	166,248	1,037
— Inventories		(87,109)	(27,301)	(15,523)	(23,016)
— Trade and other payables		486,347	1,298,946	319,877	501,741
Cash generated from operations		3,609,659	8,498,377	2,237,854	1,775,346
Income tax paid		—	(32,464)	—	—
Net cash generated from operating activities		3,609,659	8,465,913	2,237,854	1,775,346
Cash flows from investing activities					
Amount due from directors		(1,606,312)	(2,683,004)	(484,622)	(1,274,253)
Purchase of plant and equipments		(640,295)	(1,300,979)	(469,564)	(62,201)
Interest income received		27	69	3	12
Net cash used in investing activities		(2,246,580)	(3,983,914)	(954,183)	(1,336,442)

	<i>Section II</i>	Year ended		Four months ended		
		<i>Note</i>	30 June, 2018 S\$	2019 S\$	31 October, 2018 S\$	2019 S\$
Cash flows from financing activities						
Proceeds from issuance of shares			380,000	100,000	—	—
Proceeds from borrowings			800,000	990,000	250,000	—
Repayment of borrowings			(22,146)	(203,171)	(95,813)	(561,114)
Interest paid on borrowings			(7,371)	(53,726)	(19,336)	(33,273)
Interest repayment of lease liabilities			(603,559)	(1,024,353)	(290,718)	(359,045)
Principal repayment of lease liabilities			(1,841,255)	(3,410,366)	(967,947)	(1,246,978)
Proceeds from pre-IPO investor			—	1,378,550	—	1,220,656
Listing expenses paid			—	(222,339)	—	(90,173)
Net cash used in financing activities			<u>(1,294,331)</u>	<u>(2,445,405)</u>	<u>(1,123,814)</u>	<u>(1,069,927)</u>
Net increase/(decrease) in cash and cash equivalents						
Cash and cash equivalents at beginning of the year			702,814	771,562	771,562	2,792,845
Effects of currency translation on cash and cash equivalents			—	(15,311)	—	(6,983)
Cash and cash equivalents at end of the year	19		<u>771,562</u>	<u>2,792,845</u>	<u>931,419</u>	<u>2,154,839</u>

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 16 May, 2019 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY11111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "Group") principally engage in the manufacturing and retailing of bakery products and operation of restaurants (the "Listing Business"). The immediate and ultimate holding company of the Company is AA Food Holdings Limited. The ultimate controlling parties of the Group are Goh Leong Heng Aris ("Mr. Goh") and Anita Chia Hee Mei ("Mrs. Goh") (together, the "Goh Family").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by the following companies incorporated in Singapore (collectively known as the "Operating Companies") and Proofer Bakery & Pizzeria, a sole proprietorship in Singapore, all of which were controlled by the Goh Family:

- Anita Bakery Pte. Ltd.
- Aris Gourmet Bakery Pte. Ltd.
- Laura Baguette Pte. Ltd.
- Laura Café Pte. Ltd.
- Proofer Bakery Pte. Ltd.
- Proofer Boulangerie Pte. Ltd.
- Proofer Pizzeria Pte. Ltd.
- Proofer (Tanjong Pagar) Pte. Ltd.
- Yuba Hut Pte. Ltd.
- Yuba Hut (Hillion) Pte. Ltd.
- Yuba Hut (Northpoint) Pte. Ltd.
- Yuba Hut (POIZ) Pte. Ltd.
- 300 BC Bakery Pte. Ltd.

In preparation for the listing of the Company's shares on GEM of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation to transfer the Listing Business to the Company through the following steps:

- (i) On 21 January, 2019, AA Food Holdings Limited ("AA Food Holdings"), AA United Holdings Limited ("AA United Holdings"), Proofer Boulangerie Holdings Limited ("Proofer Boulangerie Holdings"), Yuba Hut Holdings Limited ("Yuba Hut Holdings") and Laura Food Holdings Limited ("Laura Food Holdings") were incorporated in the British Virgin Islands (the "BVI"). Each of the above companies is incorporated with limited liability and with authorised share capital of 50,000 ordinary shares at par value of US\$1.00 each.

On the same date, AA Food Holdings allotted one fully paid share at par value to Mr. Goh and Mrs. Goh, respectively. AA United Holdings allotted one fully paid share at par value to AA Food Holdings, and Proofer Boulangerie Holdings, Yuba Hut Holdings and Laura Food Holdings (collectively, the "intermediate holding companies") each allotted one full paid share at par value to AA United Holdings.

- (ii) On 16 May, 2019, the Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. Upon incorporation, one share of the Company was issued and allotted to the initial subscriber and transferred to AA Food Holdings on the same date.
- (iii) On 9 July, 2019, Proofer Bakery & Pizzeria transferred all of its assets, liabilities and operations to Proofer Bakery Pte. Ltd at nominal consideration.
- (iv) On 5 September, 2019, pursuant to subscription agreements entered into between Dunman Capital Global Limited ("Dunman Capital"), AA United Holdings and AA Food Holdings, 150 shares of AA United Holdings were issued to Dunman Capital at cash consideration of HK\$15,000,000. On the same day, 849 shares were allotted and issued by AA United Holdings credited as fully paid to AA Food Holdings at nominal consideration. After the aforesaid allotment and issue of shares, the issued share capital of AA United Holdings was owned as to 85% by AA Food Holdings and 15% by Dunman Capital.
- (v) Through a series of share transfer agreements all dated 24 October, 2019, Mr. and Mrs. Goh transferred their equity interests in the Operating Companies to the intermediate holding companies.
- (vi) On 24 April, 2020, the Company acquired 850 share and 150 shares of AA United Holdings from AA Food Holdings and Dunman Capital, respectively. In consideration thereof, the Company allotted and issued 849 shares and 150 shares credited as fully paid to AA Food Holdings and Dunman Capital, respectively.

Upon completion of the Reorganisation, the Company became the holding company of the other companies comprising the Group.

As at the date of this report , the Company has direct or indirect interests in the following subsidiaries:

Name of companies	Principal activities	Place and date of incorporation	Particulars of share capital	Effective interest held as at			Date of this report
				30 June, 2018	30 June, 2019	31 October, 2019	
				%	%	%	%
Directly held by the Company							
AA United Holdings ("AA United Holdings") ⁽¹⁾	Investment holding	British Virgin Islands, 21 January, 2019	US\$1,000	—	100	100	100
Indirectly held by the Company							
Laura Food Holdings Limited ⁽¹⁾	Investment holding	British Virgin Islands, 21 January, 2019	US\$10,000	—	100	100	100
Proofer Boulangerie Holdings Limited ⁽¹⁾	Investment holding	British Virgin Islands, 21 January, 2019	US\$10,000	—	100	100	100
Yuba Hut Holdings Limited ⁽¹⁾	Investment holding	British Virgin Islands, 21 January, 2019	US\$10,000	—	100	100	100
Anita Bakery Pte. Ltd. ⁽²⁾	Retailing of confectionary and bakery products	Singapore, 10 March, 2014	S\$100,000	100	100	100	100
Aris Gourmet Bakery Pte. Ltd. ⁽²⁾	Retailing of confectionary and bakery products	Singapore, 7 February, 2014	S\$200,000	100	100	100	100

Name of companies	Principal activities	Place and date of incorporation	Particulars of share capital	Effective interest held as at			Date of this report
				30 June, 2018	30 June, 2019	31 October, 2019	
				%	%	%	%
Laura Baguette Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 31 May, 2017	S\$100,000	100	100	100	100
Laura Cafe Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 9 April, 2019	S\$100,000	—	100	100	100
Proofer Bakery Pte. Ltd. ⁽²⁾	Manufacturing and retailing of confectionery and bakery products, and operation of restaurant	Singapore, 2 July, 2014	S\$200,000	100	100	100	100
Proofer Boulangerie Pte. Ltd. ⁽²⁾	Retailing of confectionery and bakery products	Singapore, 17 January, 2014	S\$200,000	100	100	100	100
Proofer Pizzeria Pte. Ltd. ⁽²⁾	Retailing of confectionery and bakery products	Singapore, 28 September, 2017	S\$100,000	100	100	100	100
Proofer (Tanjong Pagar) Pte. Ltd. ⁽²⁾	Retailing of confectionery and bakery products	Singapore, 22 April, 2015	S\$100,000	100	100	100	100
Yuba Hut Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 24 February, 2017	S\$200,000	100	100	100	100
Yuba Hut (Hillion) Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 24 November, 2016	S\$100,000	100	100	100	100
Yuba Hut (Northpoint) Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 30 December, 2016	S\$100,000	100	100	100	100
Yuba Hut (POIZ) Pte. Ltd. ⁽²⁾	Operation of restaurants	Singapore, 3 January, 2018	S\$170,000	100	100	100	100
300 BC Bakery Pte. Ltd. ⁽²⁾	Retailing of confectionery and bakery products	Singapore, 6 February, 2018	S\$110,000	100	100	100	100

- (1) No audited financial statements have been issued for these companies as there is no statutory reporting requirement in their country of incorporation.
- (2) These companies are exempt private companies and have been exempted from issuing statutory audited financial statements in Singapore.

1.3 Basis of presentation

The Operating Companies now comprising the Group engaging in the Listing Business were under common control of the Goh Family immediately before and after the Reorganisation. Accordingly, the Reorganisation is regarded as business combination under common control and, for the purpose of this report, the Historical Financial Information has been prepared on a combined basis.

The Historical Financial Information has been prepared by including the historical financial information of the companies now comprising the Group as if the current group structure has been in existence throughout the periods presented, or since the date when the group companies first came under the control of the Goh Family, whichever is a shorter period.

The net assets of the group companies were combined using the existing book values from the Goh Family's perspective. No amount is recognised in consideration for goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities over cost at the time of business combination under common control.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB"). The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" are mandatorily effective for the financial year beginning on or after 1 January, 2018, and IFRS 16 "Lease" are mandatorily effective for the financial year beginning on or after 1 January, 2019. In the Historical Financial Information, these new accounting standards have been applied consistently throughout the Track Record Period.

The Group has early adopted IFRS 16 "Leases" which is mandatorily effective for annual period beginning on or after 1 January, 2019. IFRS 16 results in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under this standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and amendments are effective for annual periods beginning on or after 1 January, 2020 and have not been applied in preparing this Historical Financial Information.

		Effective for annual periods beginning on or after
Amendments to: IFRS 10 and IFRS 28	Sale or contribution of assets between an investor and its associates or joint venture	To be determined
Amendments to: IAS 1 and IAS 8	Definition of Material	1 January, 2020
Amendments to: IFRS 3	Definition of a Business	1 January, 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January, 2020
IFRS 17	Insurance Contracts	1 January, 2021

The Group will adopt the above relevant new and amendments to existing standards when they become effective. Management is in the process of assessing the impact of those new standards and amendments to existing IFRSs, and they expect the adoption of the above IFRSs will not have any significant financial impact to the Group.

2.1.1 Going concern assumption

As at 30 June, 2018 and 2019, the Group had net current liabilities of approximately S\$507,000 and S\$258,000, respectively. Such liquidity shortfall is mainly attributable to working capital being used for additions of non-current assets such as leasehold improvements and deposits for rental stores in support of the Group's expansion plan. The adoption of IFRS 16 also resulted in recognition of current lease liabilities amounting to approximately S\$2,502,000 and S\$3,821,000 as at 30 June, 2018 and 2019, respectively, whereas the right-of-use assets were being recognised as non-current assets in their entirety. Management closely monitors the Group's financial performance and liquidity position. A number of measures have been put in place by management to improve the financial position and alleviate the liquidity pressure. As at 31 October, 2019, the Group had net current assets of approximately S\$157,000.

Management has also prepared cash flow projections of the Group covering a period of not less than twelve months from 31 October, 2019 on the basis that (i) the Group will continue to generate cash inflows from operation; and (ii) there is continuous availability of the bank facilities in the projection period.

The directors have reviewed the Group's cash flow projection and have made due enquiries and considered the basis and assumptions of management's projections as described above. The directors are of the opinion that, taking into account the Group's future operational performance and operating cash inflows and the continuous availability of bank facilities, the Group will have sufficient financial resources to support its operations and to meet its financial obligations as and when they fall due in the coming twelve months from 31 October, 2019. Accordingly, the Historical Financial information has been prepared on a going concern basis.

2.2 Consolidation

Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the combined statements of comprehensive income, combined statements of changes in equity, and combined statements 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.

Business combinations

Except for business combination under common control, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the combined statements of comprehensive income.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the combined statements of comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the combined statements of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and accessing performance of the operating segments, has been identified as the Company's directors, who make strategic decisions.

2.4 Foreign currency translation**(a) Functional and presentation currency**

Items included in the Historical Financial Information of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Historical Financial Information is presented in Singapore Dollar ("SGD" or "S\$"), which is the functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange 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 the combined statements of comprehensive income.

Foreign exchange gains and losses that relate to borrowings are presented in the combined statements of comprehensive income within "finance cost". All other foreign exchange gains and losses impacting the combined statements of comprehensive income are presented within "other income/(losses)".

(c) Group companies

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 presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (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 currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to the combined statements of comprehensive income on disposal or partial disposal of the entity giving rise to such reserve.

2.5 Plant and equipments

Plant and equipments are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to combined statements of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold improvements	Shorter of lease term or 6 years
Machineries	10 years
Furniture and fixtures	10 years
Computers and IT equipments	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "other income/(losses)" in the combined statements of comprehensive income

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss for an asset is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years/periods.

A reversal of impairment loss for an asset is recognised in the combined statements of comprehensive income.

2.7 Financial assets

(a) Classification

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows;
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The Group classifies its financial assets at amortised cost.

See Note 24 for details about categories of financial assets at amortised cost.

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments at those to be measured at amortised cost.

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the Group applies either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

(d) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the 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 the Group has transferred substantially all risks and rewards of ownership.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.8 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in-first-out ("FIFO") method. The cost comprises invoiced cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.9 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less.

2.10 Combined capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the combined statements of comprehensive income as other income or finance costs.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the combined statement of financial position date, in which case they are presented as non-current liabilities.

2.13 Borrowing costs

There were no qualifying assets during the Track Record Period. All borrowing costs are recognised in the combined statements of comprehensive income in the period in which they are incurred. Borrowing costs include interest expense, finance charges in respect of leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates position 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.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial information. However, deferred income tax are not recognised if they arise from the initial recognition of goodwill, or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the combined statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(c) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(d) Investment tax credit

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.15 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) *Employee leave entitlements*

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

2.16 Provisions for reinstatement cost

Provision for reinstatement cost represents the present value of the estimated cost for the restoration work of the Group's leased premises agreed to be carried out upon the expiry of the relevant leases using a risk-free pre-tax interest rate. The provision has been determined by the directors based on their best estimates. The related reinstatement costs have been included as right-of-use assets in the combined statements of financial position (see Note 2.19).

2.17 Other provisions

Other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating loss.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a risk free rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.18 Revenue recognition

Revenue is recognised when or as control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Revenue is recognised when the Group satisfies a performance obligation by transferring promised goods to the customer in an amount that reflects the consideration expected to be collected in exchange for those products or services.

At contract inception, an assessment is performed to identify performance obligation for each promise to transfer to the customer a product or a service that is distinct. To identify the performance obligations, the Group consider all the products and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

The Group determines whether control of a product or a service is transferred to a customer over time or at a point in time based on the analysis of the following three criteria. Revenue is recognised over time if any of such criteria are met that the Group:

- provide all the benefits received and consumed simultaneously by the customer; or
- create and enhance an asset that the customer controls as the Group perform; or
- do not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the above criteria for satisfying a performance obligation over time are met.

The Group recognises incremental costs incurred in obtaining contracts with customers as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates.

(a) Sales of bakery products

Revenue from sales of bakery products is recognised at point in time when the products are delivered.

(b) Operations of restaurants

The Group operates chains of restaurants and provides catering services. Revenue is recognised when the related services have been rendered to customers, as a single performance obligation and when payment is received at the same time.

2.19 Leases

The Group leases various properties and motor vehicle to operate its business. Property leases are typically made for fixed periods of three years, with the option to renew for another three years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Property leases are recognised as right-of-use assets and the corresponding liabilities at the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees

- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. The discount rate used by the Group is 6.5%, which approximates the Group's incremental borrowing rate.

Payments associated with short-term leases are recognised on a straight-line basis as "rental expenses" in the combined statements of comprehensive income. Short-term leases are leases with a lease term of less than 12 months.

Extension options of a range of 1-3 years are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. All extension options held are exercisable only by the Group and not by the respective lessor. The Group considers all facts and circumstances that create an economic incentive to exercise an extension option in determining the lease term. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects the assessment.

2.20 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are deducted in reporting the related expense.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk and liquidity risk. The Group's overall risk management strategy focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Because of the simplicity of the financial structure and the current operations of the Group, no hedging activities are undertaken by management.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 30 June, 2018, the Group is not subject to foreign exchange risk as all transactions are denominated in SGD.

As at 30 June, 2019 and 31 October, 2019, the Group has exposure to foreign exchange risk as a result of transactions that are denominated in currencies other than SGD. The foreign currency giving rise to this risk is mainly Hong Kong Dollar ("HK\$").

The Group's currency exposure with respect to HK\$ is as follows:

The Group	As at	
	30 June, 2019 S\$	31 October, 2019 S\$
Financial assets		
Cash and cash equivalents	350,375	509,934
Financial liabilities		
Other payables	1,751,602	838,906
Net financial liabilities subject to currency exposure	<u>(1,401,227)</u>	<u>(328,972)</u>
The Company		
Financial liabilities		
Other payable	373,052	838,906
Amount due to a group company	273,506	509,293
Net financial liability subject to currency exposure	<u>(646,558)</u>	<u>(1,348,199)</u>

Had SGD be strengthened/weakened by 5% against HK\$ will all other variables held constant, the pre-tax profit for the year ended 30 June, 2019 and four months ended 31 October, 2019 of the Group would have been S\$70,000 and S\$16,000 higher/lower, mainly as a result of foreign exchange gains/losses on translation of HK\$-denominated other payables.

(ii) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings with creditworthy licensed banks and financial institutions. During the Track Record Period, the Group is not exposed to material interest rate risk as most of the bank borrowings bore interest at fixed rates.

(b) Credit risk

Credit risk arises from cash and cash equivalents, trade and other receivables, deposits and amount due from directors.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with investment grade credit rating are accepted.

The Group has policies in place to ensure that sales are made to customers through channels with appropriate credit histories and to limit the amount of credit exposure to credit card companies.

Sales to customers are required to be settled in cash or using electronic payment means, mitigating credit risk. There are no significant concentrations of credit risk. The Group is not exposed to major credit risk with respect to its business.

(ii) Impairment of financial assets

Trade receivables, deposits and prepayments, amount due from directors and cash and cash equivalent of the Group are subject to the expected credit loss model.

For trade receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the invoice date. The expected loss rates are based on the payment profiles of sales over a period of 12 months before end of reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. According to the above mentioned consideration, the Group does not expect any significant default possibility and loss allowance of trade receivables is immaterial. The expected credit loss rate is minimal during the Track Record Period.

For deposits and other receivables, management assesses the credit quality of the counterparties, taking into account the historical risk of default and capacity to meet its contractual cash flow obligations in the near term. Loss allowance recognised, if any, was limited to 12-month expected losses as these financial assets at amortised cost are considered to be of low credit risk primarily because historically they had no history of default and the debtors had capacity to meet their contractual cash flow obligations in the near term. No impairment loss are provided for such financial assets as at 30 June, 2018 and 2019. The expected credit loss rate is minimal during the Track Record Period.

For amount due from directors, the balance is managed collectively at the group level under the overall group treasury strategy. Management consider that the directors would have the capacity to meet their obligations in the near term. The expected credit loss rate is minimal during the Track Record Period.

While cash and cash equivalents are also subject to impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the shorter and longer term. The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets that the Group considers appropriate and long term financing including long-term borrowings are also considered by the Group in its capital structuring. The Group aims to maintain flexibility in funding by keeping sufficient bank balances and available credit lines which enable the Group to continue its business in the foreseeable future.

As at 30 June, 2018, and 2019 and 31 October, 2019, the Group held cash and cash equivalents of S\$771,562, S\$2,792,845 and S\$2,154,839 respectively, that are expected to be readily available for managing liquidity risk. As at 30 June, 2018, and 2019 and 31 October, 2019, the Group recorded net current liabilities of S\$507,158, S\$258,176 and net current asset of S\$156,806 respectively. Taking into account the Group's financial resources and its internally generated cash, the directors of the Company believe that the Group has sufficient capital to meet its liquidity needs.

As at 30 June, 2018, and 2019 and 31 October, 2019, the Group's bank borrowings amounted to approximately S\$778,335, S\$1,565,117 and S\$1,004,003 respectively.

The table below analyses the non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. The amounts of the Group's borrowings in the table below included interest payments computed using contractual rate as follows:

	On demand	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Group						
As at 30 June, 2018						
Trade and other payables	—	889,236	—	—	—	889,236
Borrowings	291,968	143,302	143,302	265,560	—	844,132
Lease liabilities	—	3,263,103	3,049,353	7,700,793	1,625,109	15,638,358
As at 30 June, 2019						
Trade and other payables	—	3,497,546	—	—	—	3,497,546
Borrowings	238,829	376,594	370,487	762,174	—	1,748,084
Lease liabilities	—	4,832,705	4,617,356	10,089,604	946,283	20,485,948
As at 31 October, 2019						
Trade and other payables	—	2,879,922	—	—	—	2,879,922
Borrowings	—	317,054	286,521	536,559	—	1,140,134
Lease liabilities	—	4,829,415	4,405,948	8,860,986	491,212	18,587,561
Company						
As at 30 June, 2019						
Other payables	—	688,519	—	—	—	688,519
Amount due to a group company	—	1,008,873	—	—	—	1,008,873
As at 31 October, 2019						
Other payables	—	1,633,801	—	—	—	1,633,801
Amount due to a group company	—	1,557,237	—	—	—	1,557,237

The following table summarise the maturity analysis of the Group's borrowings with repayable-on-demand clauses based on agreed schedule repayments set out in the loan agreements. The amounts included interest payments computed using contractual rate as follows:

	Less than 1 year S\$	Between 1 and 2 years S\$	Between 2 and 5 years S\$	Total S\$
Group				
As at 30 June, 2018				
Borrowings	<u>70,919</u>	<u>70,438</u>	<u>199,575</u>	<u>340,932</u>
As at 30 June, 2019				
Borrowings	<u>70,833</u>	<u>70,438</u>	<u>129,137</u>	<u>270,408</u>
As at 31 October, 2019				
Borrowings	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

All loans with repayable on demand clauses due longer than one year from 30 June, 2019 were fully repaid during the four months ended 31 October, 2019.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings plus total lease liabilities less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the combined statements of financial position plus net debt.

	As at 30 June, 2018 S\$	2019 S\$	As at 31 October, 2019 S\$
Borrowings (<i>Note 22</i>)	778,335	1,565,117	1,004,003
Lease liabilities (<i>Note 14</i>)	13,280,672	17,707,869	16,499,759
Less: Cash and cash equivalents (<i>Note 19</i>)	<u>(771,562)</u>	<u>(2,792,845)</u>	<u>(2,154,839)</u>
Net debt	13,287,445	16,480,141	15,348,923
Total equity	<u>3,602,610</u>	<u>5,153,948</u>	<u>5,731,757</u>
Total capital	<u>16,890,055</u>	<u>21,634,089</u>	<u>21,080,680</u>
Gearing ratio	<u>79%</u>	<u>76%</u>	<u>73%</u>

(e) Fair value estimation

The carrying amount of current financial assets and liabilities, carried at amortised cost, are assumed to approximate fair values.

The fair value of non-current borrowings are disclosed in Note 22.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Critical judgement in determining the lease term

In determining the lease term, management considers all fact and circumstances that create an economic incentive to exercise an extension option, or not 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 retails stores and office, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee. During the years ended 30 June, 2018, and 2019 and the four months ended 31 October, 2019, there is no revision of lease term generating financial effect on the recognised lease liabilities and right-of-use assets.

(b) Estimated useful lives of plant and equipments

The Group's management determines the estimated useful lives, and related depreciation charges for its plant and equipments. The estimates are based on the historical experience of the actual useful lives of plant and equipments of similar nature and functions. Management will increase the depreciation charges where useful lives are less than previously estimated lives. It will write off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives. Periodic review could result in a change in depreciable lives and therefore affect the depreciation charges in future periods.

(c) Impairment of non-current assets

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair value less costs to sell calculations. The calculations require the use of judgements and estimates. Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections of a cash generating unit (i.e. a retail shop) are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations.

(d) Provision for impairment of receivables

The Group's management determines the provision for impairment of receivables based on an assessment of the recoverability of such balance. Provisions are applied where events or changes in circumstances indicate that the balance may not be recoverable. The identification of impairment of receivables requires the use of estimate. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and the impairment provision in the period in which such estimate has been changed.

(e) Current and deferred income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred income tax assets in the period in which such estimates are changed.

5 REVENUE AND SEGMENT INFORMATION

These operating segments has been identified on the basis of internal management reports prepared in accordance with the Group's accounting policies set out in Note 2. The directors of the Company have been identified as the chief operating decision maker ("CODM"). The CODM monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment.

The Group is separated into two operating segments:

1. sale of bakery products — operation of retail bakery outlets;
2. operation of restaurants — operation of fast casual dining restaurants.

The CODM considers the business from a product perspective. They reviewed the qualitative factors such as business activities, economic and legal characteristics and quantitative factors such as financial performance to assess the performance of the operating segments.

Segment result as presented below represents operating profit before finance income, finance costs and unallocated other expenses and other losses. The segment information provided to the CODM for the Track Record Period are as follows:

For the year ended 30 June, 2018	Sales of bakery products S\$	Operation of restaurants S\$	Total S\$
Revenue from external customers recognised at a point in time	7,537,804	2,053,499	9,591,303
Raw materials and consumables used	(1,812,503)	(547,850)	(2,360,353)
Employee benefit cost	(2,048,641)	(543,766)	(2,592,407)
Expenses under short-term lease and variable lease payments	(66,007)	(85,284)	(151,291)
Depreciation of right-of-use assets	(1,751,462)	(389,768)	(2,141,230)
Depreciation of plant and equipments	(277,217)	(51,298)	(328,515)
Delivery agent service charges	(39,528)	(61,309)	(100,837)
Utilities expenses	(177,681)	(30,120)	(207,801)
Other income	31,432	11,633	43,065
Other losses	<u>(7,640)</u>	<u>—</u>	<u>(7,640)</u>
Segment results	1,388,557	355,737	1,744,294
Finance income			27
Finance costs			(632,618)
Unallocated other expenses			<u>(194,172)</u>
Profit before income tax			<u><u>917,531</u></u>

For the year ended 30 June, 2019	Sales of bakery products S\$	Operation of restaurants S\$	Total S\$
Revenue from external customers recognised at a point in time	10,968,379	5,350,988	16,319,367
Raw materials and consumables used	(2,341,801)	(940,633)	(3,282,434)
Employee benefit cost	(2,311,493)	(1,464,975)	(3,776,468)
Expenses under short-term lease and variable lease payments	(168,119)	(132,570)	(300,689)
Depreciation of right-of-use assets	(2,735,652)	(1,110,609)	(3,846,261)
Depreciation of plant and equipment	(362,028)	(139,503)	(501,531)
Delivery agent service charges	(62,007)	(99,911)	(161,918)
Utilities expenses	(275,689)	(58,207)	(333,896)
Other income	142,399	23,560	165,959
Other losses	(29,538)	—	(29,538)
Segment results	2,824,451	1,428,140	4,252,591
Finance income			69
Finance costs			(1,104,646)
Listing expenses			(1,279,667)
Unallocated other expenses			(156,297)
Profit before income tax			<u>1,712,050</u>

For the four months ended 31 October, 2018 (unaudited)	Sales of bakery products S\$	Operation of restaurants S\$	Total S\$
Revenue from external customers recognised at a point in time	2,898,138	1,239,019	4,137,157
Raw materials and consumables used	(647,301)	(310,891)	(958,192)
Employee benefit cost	(751,758)	(404,014)	(1,155,772)
Expenses under short-term lease and variable lease payments	(51,932)	(14,980)	(66,912)
Depreciation of right-of-use assets	(825,111)	(315,848)	(1,140,959)
Depreciation of plant and equipment	(99,058)	(37,262)	(136,320)
Delivery agent service charges	(15,936)	(33,191)	(49,127)
Utilities expenses	(58,399)	(11,410)	(69,809)
Other income	13,088	9,930	23,018
Segment results	461,731	121,353	583,084
Finance income			3
Finance costs			(318,208)
Unallocated other expenses			(93,111)
Profit before income tax			<u>171,768</u>

For the four months ended 31 October, 2019	Sales of bakery products S\$	Operation of restaurants S\$	Total S\$
Revenue from external customers recognised at a point in time	3,485,854	1,902,710	5,388,564
Raw materials and consumables used	(814,900)	(332,958)	(1,147,858)
Employee benefit cost	(814,229)	(548,873)	(1,363,102)
Expenses under short-term lease and variable lease payments	(51,961)	(37,387)	(89,348)
Depreciation of right-of-use assets	(1,071,480)	(348,601)	(1,420,081)
Depreciation of plant and equipment	(126,362)	(57,238)	(183,600)
Delivery agent service charges	(25,306)	(29,137)	(54,443)
Utilities expenses	(116,207)	(23,611)	(139,818)
Other income	34,950	8,967	43,917
Other losses	(7,922)	—	(7,922)
Segment results	492,437	533,872	1,026,309
Other losses			(48,502)
Finance income			12
Finance costs			(403,201)
Listing expenses			(1,174,908)
Unallocated other expenses			(167,420)
Profit before income tax			(767,710)

Segment assets and liabilities

The Group does not monitor the measurement of total assets and liabilities by each reportable segments due to the nature of the Group's operations. All of the Group's non-current assets are located in Singapore.

Information about major customers

There is no single external customers contributed to more than 10% of the Group's revenue during the Track Record Period.

All of the Group's revenue is recognised at a point in time.

6 OTHER INCOME

	Year ended 30 June,		Four months ended 31 October,	
	2018 S\$	2019 S\$	2018 S\$	2019 S\$
Government grant	36,047	158,893	23,018	43,917
Others	7,018	7,066	—	—
	<u>43,065</u>	<u>165,959</u>	<u>23,018</u>	<u>43,917</u>

Government grant comprised, among others, Special Employment Credit (SEC), Wage Credit Scheme (WCS) and Capability Development Grant (CDG).

Under SEC, Singapore Government provides wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 a month. The Group's SEC grant increased from S\$15,785 for the year ended 30 June, 2018 to S\$33,294 for the year ended 30 June, 2019. For the four months ended 31 October, 2018 and 2019, the Group recognised SEC grant of S\$14,518 and S\$15,917, respectively.

Under WCS, Singapore Government will co-fund certain percentage of wage increases given to Singaporean employees earning a gross monthly wage of up to S\$4,000. WCS grant amounting to S\$34,210 was recognised by the Group during the year ended 30 June, 2019. No such grant was recognised for the four months ended 31 October, 2018 and 2019.

CDG (now replaced by Enterprise Development Grant (EDG)) is a programme that helps small and medium sized enterprises (SMEs) in Singapore to build capabilities across ten key business areas. Under the programme, SMEs can obtain up to 70% government grants to defray the costs of qualifying projects. CDG amounting to S\$68,110, was recognised by the Group during the year ended 30 June, 2019. For the four months ended 31 October, 2018 and 2019, the Group recognised CDG grant of S\$8,500 and S\$28,000, respectively.

7 OTHER LOSSES

	Year ended 30 June,		Four months ended 31 October,	
	2018	2019	2018	2019
	S\$	S\$	S\$	S\$
			(Unaudited)	
Foreign exchange loss	—	15,311	—	55,485
Plant and equipment written-off	7,640	14,227	—	939
	<u>7,640</u>	<u>29,538</u>	<u>—</u>	<u>56,424</u>

8 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 30 June,		Four months ended 31 October,	
	2018	2019	2018	2019
	S\$	S\$	S\$	S\$
			(Unaudited)	
Wages, salaries and allowances	2,140,947	3,306,799	961,113	1,166,688
Directors' fee	—	—	—	—
Employer's contribution to defined contribution plans	163,798	253,286	69,099	101,220
Others	287,662	216,383	125,560	157,102
	<u>2,592,407</u>	<u>3,776,468</u>	<u>1,155,772</u>	<u>1,425,010</u>

(a) Directors' emoluments

The remuneration of every director for the years ended 30 June, 2018 and 2019 and the four months ended 31 October, 2018 and 2019 was as follows:

Name	Fees S\$	Salaries and allowances S\$	Employer's contribution to defined contribution plans S\$	Other benefits S\$	Total S\$
Year ended 30 June, 2018					
Mr. Goh (#)	—	26,653	4,522	—	31,175
Mrs. Goh	—	26,474	3,994	—	30,468
	—	<u>53,127</u>	<u>8,516</u>	—	<u>61,643</u>
Year ended 30 June, 2019					
Mr. Goh (#)	—	28,876	4,896	—	33,772
Mrs. Goh	—	27,669	4,692	—	32,361
	—	<u>56,545</u>	<u>9,588</u>	—	<u>66,133</u>
Four months ended 31 October, 2018 (Unaudited)					
Mr. Goh (#)	—	9,624	1,632	—	11,256
Mrs. Goh	—	8,421	3,129	—	11,550
	—	<u>18,045</u>	<u>4,761</u>	—	<u>22,806</u>
Four months ended 31 October, 2019					
Mr. Goh (#)	—	10,426	1,560	—	11,986
Mrs. Goh	—	10,426	1,768	—	12,194
	—	<u>20,852</u>	<u>3,328</u>	—	<u>24,180</u>

(#) Mr. Goh was appointed Chief Executive of the Group throughout the Track Record Period.

Ms. Lei Dan, Mr. John Lim Boon Kiat and Mr. Kwok Kin Kwong Gary were appointed as Independent Non-executive Directors of the Company on 24 April, 2020 and therefore no remuneration was paid during the Track Record Period.

The remuneration shown above represents remuneration received and receivable from the Group by these directors in their capacity as employees to the operating companies. No directors waived or agreed to waive any emolument during each of the year ended 30 June, 2018 and 2019 and the four months ended 31 October, 2018 and 2019.

i. Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Periods.

ii. Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

iii. Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the Track Record Period.

iv. Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period, other than amount due from directors as presented on the balance sheet.

v. Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

(b) Five highest paid individuals

Details of the remuneration of the five highest paid individuals (who are all non-directors) for the years ended 30 June, 2018 and 2019 and the four months ended 31 October, 2018 and 2019 are analysed below:

	Year ended		Four months ended	
	30 June, 2018	2019	31 October, 2018	2019
	S\$	S\$	S\$	S\$
	(Unaudited)			
Wages, salaries and allowances	191,780	182,225	58,986	61,857
Employer's contribution to defined contribution plans	19,775	19,958	6,664	5,012
Others	1,211	153	98	643
	<u>212,766</u>	<u>202,336</u>	<u>65,748</u>	<u>67,512</u>

The emoluments of these individuals fell within the following bands:

	Year ended 30 June,		Four months ended 31 October,	
	2018	2019	2018	2019
			(Unaudited)	
Nil — S\$172,413 (equivalent from HK\$ nil to HK\$1,000,000)	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

9 OTHER EXPENSES

	Year ended 30 June,		Four months ended 31 October,	
	2018	2019	2018	2019
	S\$	S\$	S\$	S\$
			(Unaudited)	
Utilities	207,801	333,896	69,809	139,818
Delivery agent service charges	100,837	161,918	49,127	54,443
Auditor's remuneration — audit service	—	8,000	2,667	2,667
Legal and professional fees	63,770	22,926	—	4,229
Others	<u>130,402</u>	<u>125,371</u>	<u>90,444</u>	<u>98,616</u>
	<u>502,810</u>	<u>652,111</u>	<u>212,047</u>	<u>299,773</u>

10 FINANCE INCOME AND FINANCE COSTS

	Year ended 30 June,		Four months ended 31 October,	
	2018	2019	2018	2019
	S\$	S\$	S\$	S\$
			(Unaudited)	
Interest income on bank deposits	<u>27</u>	<u>69</u>	<u>3</u>	<u>12</u>
Interest expense on:				
— lease liabilities	(603,559)	(1,024,353)	(290,718)	(359,045)
— bank borrowings	(7,852)	(53,679)	(19,336)	(33,273)
— provision for reinstatement	(2,721)	(18,885)	(3,639)	(7,400)
— unwinding of discount on rental deposits	<u>(18,486)</u>	<u>(7,729)</u>	<u>(4,515)</u>	<u>(3,483)</u>
	<u>(632,618)</u>	<u>(1,104,646)</u>	<u>(318,208)</u>	<u>(403,201)</u>

11 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit during the Track Record Period. The amount of income tax expense charged to the combined statements of comprehensive income represents:

	Year ended 30 June,		Four months ended 31 October,	
	2018 S\$	2019 S\$	2018 S\$	2019 S\$
— Current income tax	84,696	185,474	63,595	179,927
— Deferred income tax (Note 15)	<u>(28,339)</u>	<u>75,238</u>	<u>(93,531)</u>	<u>(177,946)</u>
Income tax expense/(credit)	<u>56,357</u>	<u>260,712</u>	<u>(29,936)</u>	<u>1,981</u>

The tax on the Group's profit/(loss) before income tax differs from the theoretical amount as follows:

	Year ended 30 June,		Four months ended 31 October,	
	2018 S\$	2019 S\$	2018 S\$	2019 S\$
Profit/(loss) before tax	917,531	1,712,050	171,768	(767,710)
Tax calculated at domestic tax rate of 17%	155,980	291,049	29,201	(130,511)
Tax effect of:				
— Singapore stepped income exemption ⁽ⁱ⁾	(71,384)	(202,091)	(22,320)	(40,315)
— expenses not deductible for tax purposes	5,213	220,030	15,992	225,577
— tax incentives ⁽ⁱⁱ⁾	(33,452)	(55,904)	(54,758)	(54,040)
— others	<u>—</u>	<u>7,628</u>	<u>1,949</u>	<u>1,270</u>
Income tax expense/(credit)	<u>56,357</u>	<u>260,712</u>	<u>(29,936)</u>	<u>1,981</u>

(i) Singapore stepped income exemption refers to tax exemption schemes for new start-up companies introduced by the tax authorities under which qualifying new companies are given tax exemption for the first three consecutive years of assessment. Such tax exemption of the Company's subsidiaries will expire during the years ending 30 June, 2020 and 30 June, 2021.

(ii) Tax incentives refers to corporate income tax rebate given to all qualifying companies to ease business costs and support restructuring of companies.

12 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion is not considered meaningful due to the Reorganisation and the presentation of the results for the Track Record Period on a combined basis as disclosed in Note 1.3 of this section.

13 PLANT AND EQUIPMENTS

	Leasehold improvements S\$	Machineries S\$	Furniture and fixtures S\$	Computer and IT equipments S\$	Total S\$
At 1 July, 2017					
Cost	963,287	669,534	171,847	122,950	1,927,618
Accumulated depreciation	(219,828)	(105,078)	(27,943)	(31,721)	(384,570)
Net book amount	743,459	564,456	143,904	91,229	1,543,048
Year ended 30 June, 2018					
Opening net book amount	743,459	564,456	143,904	91,229	1,543,048
Additions	422,521	132,298	48,917	36,559	640,295
Depreciation	(216,119)	(69,004)	(18,367)	(25,025)	(328,515)
Write-off	—	—	—	(7,640)	(7,640)
Closing net book amount	949,861	627,750	174,454	95,123	1,847,188
At 30 June, 2018					
Cost	1,385,808	801,832	220,764	145,009	2,553,413
Accumulated depreciation	(435,947)	(174,082)	(46,310)	(49,886)	(706,225)
Net book amount	949,861	627,750	174,454	95,123	1,847,188
Year ended 30 June, 2019					
Opening net book amount	949,861	627,750	174,454	95,123	1,847,188
Additions	667,449	414,128	111,752	107,650	1,300,979
Depreciation	(326,285)	(104,449)	(28,879)	(41,918)	(501,531)
Write-off	—	(7,904)	(3,362)	(2,961)	(14,227)
Closing net book amount	1,291,025	929,525	253,965	157,894	2,632,409
At 30 June, 2019					
Cost	2,053,257	1,204,160	327,516	247,659	3,832,592
Accumulated depreciation	(762,232)	(274,635)	(73,551)	(89,765)	(1,200,183)
Net book amount	1,291,025	929,525	253,965	157,894	2,632,409
Four months ended 31 October, 2018 (Unaudited)					
Opening net book amount	949,861	627,750	174,454	95,123	1,847,188
Additions	272,248	126,088	39,032	32,196	469,564
Depreciation	(86,556)	(30,039)	(8,259)	(11,466)	(136,320)
Closing net book amount	1,135,553	723,799	205,227	115,853	2,180,432
At 31 October, 2018 (Unaudited)					
Cost	1,658,056	927,920	259,796	177,205	3,022,977
Accumulated depreciation	(522,503)	(204,121)	(54,569)	(61,352)	(842,545)
Net book amount	1,135,553	723,799	205,227	115,853	2,180,432
Four months ended 31 October, 2019					
Opening net book amount	1,291,025	929,525	253,965	157,894	2,632,409
Additions	27,918	5,320	2,804	26,159	62,201
Depreciation	(113,795)	(40,672)	(11,340)	(17,793)	(183,600)
Write-off	—	—	(939)	—	(939)
Closing net book amount	1,205,148	894,173	244,490	166,260	2,510,071
At 31 October, 2019					
Cost	2,081,175	1,209,480	326,577	273,818	3,891,050
Accumulated depreciation	(876,027)	(315,307)	(82,087)	(107,558)	(1,380,979)
Net book amount	1,205,148	894,173	244,490	166,260	2,510,071

14 LEASES

(a) Amounts recognised in the combined statements of financial position

The combined statements of financial position show the following amounts relating to leases:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Right-of-use assets			
Beginning of financial year	8,932,221	12,800,382	16,881,143
Additions	6,009,391	7,927,022	38,868
Depreciation	(2,141,230)	(3,846,261)	(1,420,081)
End of financial year	<u>12,800,382</u>	<u>16,881,143</u>	<u>15,499,930</u>

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Cost	17,298,482	25,225,504	25,264,372
Accumulated depreciation	(4,498,100)	(8,344,361)	(9,764,442)
	<u>12,800,382</u>	<u>16,881,143</u>	<u>15,499,930</u>

Analysis of right-of-use assets

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Retail stores	12,792,478	16,802,943	15,441,787
Office	7,904	58,235	43,587
Motor vehicles	—	19,965	14,556
	<u>12,800,382</u>	<u>16,881,143</u>	<u>15,499,930</u>

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Lease liabilities			
Current	2,501,938	3,820,696	3,920,687
Non-current	10,778,734	13,887,173	12,579,072
	<u>13,280,672</u>	<u>17,707,869</u>	<u>16,499,759</u>

(b) Amounts recognised in the combined statements of comprehensive income

	Year ended 30 June,		Four months ended	
	2018	2019	31 October,	2019
	S\$	S\$	S\$	S\$
Depreciation charge of right-of-use assets				
Retail stores	2,112,666	3,797,356	1,139,420	1,400,024
Office	28,564	36,724	—	14,648
Motor vehicles	—	12,181	1,539	5,409
	<u>2,141,230</u>	<u>3,846,261</u>	<u>1,140,959</u>	<u>1,420,081</u>
Interest expense included in finance cost	603,559	1,024,353	290,718	359,045
Expenses relating to short-term leases	151,291	255,029	43,493	57,635
Expenses relating to variable lease payments not included in lease liabilities	—	45,660	23,419	31,713

The total cash outflow for leases during the years ended 30 June, 2018 and 2019 and four months ended 31 October, 2018 and 2019 was S\$2,596,105, S\$4,735,408, S\$1,325,577 and S\$1,695,371 respectively.

The execution of the lease agreement of one of the leased premises of the Group's is guaranteed by Mrs. Goh in favour of the relevant landlord during the Track Record Period.

15 DEFERRED INCOME TAX

	Year ended 30 June,		Four months ended
	2018	2019	31 October,
	S\$	S\$	2019
Deferred income tax assets			
To be recovered after more than 12 months	187,858	206,183	320,736
Deferred income tax liabilities			
To be settled after more than 12 months	<u>(133,045)</u>	<u>(226,608)</u>	<u>(163,215)</u>
Deferred income tax assets/(liabilities) — net	<u>54,813</u>	<u>(20,425)</u>	<u>157,521</u>

The movements in the deferred income tax assets of the Group during the years are as follows:

	Lease liabilities	Tax losses and unclaimed capital allowances	Total
	S\$	S\$	S\$
As at 1 July, 2017	1,562,280	—	1,562,280
Credited to the combined statements of comprehensive income (<i>Note 11</i>)	<u>695,434</u>	<u>64,661</u>	<u>760,095</u>
As at 30 June, 2018	2,257,714	64,661	2,322,375
Credited/(charged) to the combined statements of comprehensive income (<i>Note 11</i>)	<u>752,623</u>	<u>(64,661)</u>	<u>687,962</u>
As at 30 June, 2019	3,010,337	—	3,010,337
(Charged)/credited to the combined statements of comprehensive income (<i>Note 11</i>)	<u>(205,378)</u>	<u>90,949</u>	<u>(114,429)</u>
As at 31 October, 2019	<u><u>2,804,959</u></u>	<u><u>90,949</u></u>	<u><u>2,895,908</u></u>

The movements in the deferred income tax liabilities of the Group during the year are as follows:

	Right-of-use assets	Accelerated tax depreciation	Total
	S\$	S\$	S\$
Deferred income tax liabilities			
As at 1 July, 2017	1,491,950	43,856	1,535,806
Charged to the combined statements of comprehensive income (<i>Note 11</i>)	<u>642,567</u>	<u>89,189</u>	<u>731,756</u>
As at 30 June, 2018	2,134,517	133,045	2,267,562
Charged to the combined statements of comprehensive income (<i>Note 11</i>)	<u>669,637</u>	<u>93,563</u>	<u>763,200</u>
As at 30 June, 2019	2,804,154	226,608	3,030,762
Credited to the combined statements of comprehensive income (<i>Note 11</i>)	<u>(228,982)</u>	<u>(63,393)</u>	<u>(292,375)</u>
As at 31 October, 2019	<u><u>2,575,172</u></u>	<u><u>163,215</u></u>	<u><u>2,738,387</u></u>

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

16 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Trade receivables from third parties	22,422	26,491	18,579
Rental deposits	912,880	1,403,406	1,369,790
Prepayments for listing expense	—	405,027	723,765
Other prepayments and deposits	<u>604,687</u>	<u>62,591</u>	<u>113,676</u>
	1,539,989	1,897,515	2,225,810
Less: non-current portion of rental deposits	<u>(792,405)</u>	<u>(1,138,827)</u>	<u>(1,082,175)</u>
	<u>747,584</u>	<u>758,688</u>	<u>1,143,635</u>

The Company

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Prepayments for listing expense	<u>—</u>	<u>405,027</u>	<u>723,765</u>

Trade receivables comprised, among others, receivables from credit card institutions for customers' payments settled by credit cards and receivables from delivery services agents. Such amounts are normally settled within 3 to 15 business days from transaction dates. Generally, there is no credit period granted to customers.

The Group's trade receivables and other receivables and deposits are denominated in SGD. The carrying amount of trade receivables approximate their fair values due to their short-term maturities.

The ageing analysis of the trade receivables based on invoice date is as follows:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
1–30 days	<u>22,422</u>	<u>26,491</u>	<u>18,579</u>

The maximum exposure to credit risk as at 30 June, 2018 and 2019 and 31 October, 2019 is the carrying value of the financial assets mentioned above. The Group does not hold any collateral as security.

As at 30 June, 2018 and 2019 and 31 October, 2019, no trade receivables were past due.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. General approach is adopted in measuring expected credit losses for other receivables. As at 30 June, 2018 and 2019 and 31 October, 2019, no provision for impairment was made.

17 INVENTORIES

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Raw materials and packaging materials	87,109	114,410	137,426

18 AMOUNT DUE FROM DIRECTORS AND AMOUNT DUE TO A GROUP COMPANY

The Group

Amount due from directors is unsecured, interest-free, denominated in SGD and repayable on demand. Such balance had been settled by way of dividend declared by AA United Holdings on 23 April, 2020.

The Company

Amount due to a group company is unsecured, interest free, repayable on demand and denominated in the following currencies:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
SGD	—	707,213	946,555
HK\$	—	273,506	509,293
USD	—	28,154	101,389
	<u>—</u>	<u>1,008,873</u>	<u>1,557,237</u>

19 CASH AND CASH EQUIVALENTS

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Cash at banks	764,362	2,738,321	2,119,001
Cash on hand	7,200	54,524	35,838
	<u>771,562</u>	<u>2,792,845</u>	<u>2,154,839</u>

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 30 June,		As at
	2018	2019	31 October, 2019
	S\$	S\$	S\$
SGD	771,562	2,442,470	1,644,905
HK\$	—	350,375	509,934
	<u>771,562</u>	<u>2,792,845</u>	<u>2,154,839</u>

For the years ended 30 June, 2018 and 2019 and the four months ended 31 October, 2019, the Group's bank deposits carried effective interest rates of 0.006% and 0.004% and 0.002% respectively.

20 COMBINED CAPITAL

The Company was incorporated on 16 May, 2019 and the Reorganisation was completed on 24 April, 2020. For the purpose of this Historical Financial Information, the combined capital in the combined statements of financial position as at 30 June, 2018 and 2019 and 31 October, 2019 represents the share capital of the group companies prior to the completion of Reorganisation.

On 5 September, 2019, AA United Holdings issued 150 shares to Dunman Capital at consideration of HK\$15,000,000 (approximately S\$2,647,500). The full amount was credited to combined capital in the combined statement of financial position.

21 PROVISION FOR REINSTATEMENT COST

	As at 30 June,		As at
	2018	2019	31 October, 2019
	S\$	S\$	S\$
Beginning of year	147,998	236,113	344,457
Provision	85,394	89,459	—
Unwinding of discount	<u>2,721</u>	<u>18,885</u>	<u>7,400</u>
End of year	<u>236,113</u>	<u>344,457</u>	<u>351,857</u>

22 BORROWINGS

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Non-current			
Bank borrowings	<u>370,173</u>	<u>988,200</u>	<u>743,817</u>
Current			
Bank borrowings	116,194	338,088	260,186
Bank borrowings with repayable-on-demand clause	<u>291,968</u>	<u>238,829</u>	<u>—</u>
	<u>778,335</u>	<u>1,565,117</u>	<u>1,004,003</u>

Bank borrowings represent mainly the term loans drawn by the Group. The Group's borrowings, after taking into account of repayable-on-demand clause, are repayable as follows:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
On demand or within 1 year	408,162	576,917	260,186
Between 1 and 2 years	123,670	314,237	246,369
Between 2 and 5 years	<u>246,503</u>	<u>673,963</u>	<u>497,448</u>
	<u>778,335</u>	<u>1,565,117</u>	<u>1,004,003</u>

The Group's bank borrowings repayable based on the scheduled repayment dates, are as follow:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Within 1 year	169,729	395,865	260,186
Between 1 and 2 years	180,276	373,859	246,369
Between 2 and 5 years	<u>428,330</u>	<u>795,393</u>	<u>497,448</u>
	<u>778,335</u>	<u>1,565,117</u>	<u>1,004,003</u>

Bank borrowings are denominated in SGD and bear fixed interest rates between 6.25% to 7.0% per annum. The fair value of non-current borrowings approximate the carrying value of the non-current borrowings at the end of each reporting period as they bear interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements.

The Group's borrowings are secured by joint personal guarantee by the Goh Family, with the maximum guarantee provided by Mr. Goh and Mrs. Goh amounted to S\$300,000 and S\$550,000 respectively.

23 TRADE AND OTHER PAYABLES

The Group

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Trade payables:			
— Third parties	603,169	1,018,817	784,926
Other payables:			
— Receipts from pre-IPO investor (<i>note a</i>)	—	1,378,550	—
— Goods and services tax payable	121,938	316,090	344,541
— Accruals for operating expenses	555,830	657,840	736,897
— Accruals for listing expenses	—	688,519	1,633,801
— Others	—	74,308	—
	<u>1,280,937</u>	<u>4,134,124</u>	<u>3,500,165</u>

Note a:

This represented partial consideration received from Dunman Capital which was injected into a group company prior to the issuance of shares by the Company to Dunman Capital (see note 1.2).

The Company

	As at	As at
	30 June, 2019	31 October,
	S\$	2019
		S\$
Other payables:		
— Accruals for listing expenses	<u>688,519</u>	<u>1,633,801</u>

The Group's and the Company's trade and other payables are denominated in the following currencies:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
The Group			
Trade payables:			
— SGD	603,169	1,018,817	784,926
Other payables:			
— SGD	677,768	1,363,705	1,876,333
— HK\$	—	1,751,602	838,906
	<u>1,280,937</u>	<u>4,134,124</u>	<u>3,500,165</u>
The Company			
Other payables:			
— SGD	—	315,467	794,895
— HK\$	—	373,052	838,906
	<u>—</u>	<u>688,519</u>	<u>1,633,801</u>

The ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
0–30 days	254,402	255,155	293,787
31–60 days	183,701	270,321	252,176
61–90 days	54,380	255,152	209,586
91–120 days	87,085	144,000	24,577
Over 120 days	23,601	94,189	4,800
	<u>603,169</u>	<u>1,018,817</u>	<u>784,926</u>

Trade payables are non-interest bearing and are denominated in SGD. The suppliers generally grants credit period from 15 to 30 days to the Group.

24 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Assets as per combined statement of financial position			
Financial assets at amortised cost			
— cash and cash equivalents	771,562	2,792,845	2,154,839
— trade, other receivables and deposits	935,302	1,429,897	1,388,369
— amount due from directors	<u>2,143,674</u>	<u>4,826,678</u>	<u>4,800,931</u>
	<u>3,850,538</u>	<u>9,049,420</u>	<u>8,344,139</u>
Liabilities as per combined statement of financial position			
Financial liabilities measured at amortised cost			
— lease liabilities	13,280,672	17,707,869	16,499,759
— trade and other payables	889,236	3,497,546	2,879,922
— borrowings	<u>778,335</u>	<u>1,565,117</u>	<u>1,004,003</u>
	<u>14,948,243</u>	<u>22,770,532</u>	<u>20,383,684</u>

25 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholders and, or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the Track Record Period.

Name	Relationship with the Group
Mr. Goh Leong Heng Aris	Director and Controlling Shareholder of the Company
Ms. Anita Chia Hee Mei (Mrs. Goh)	Director and Controlling Shareholder of the Company

Save as disclosed elsewhere in this accountant's report, the Group has the following significant transactions carried out with related parties in the ordinary course of business during the Track Record Period.

(a) Key management compensation

Key management includes executive directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 8(a).

(b) Balances with related parties**The Group**

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Amount due from directors	<u>2,143,674</u>	<u>4,826,678</u>	<u>4,800,931</u>

The Company

	As at 30 June,		As at
	2018	2019	31 October,
	S\$	S\$	2019
			S\$
Amount due to a group company	<u>—</u>	<u>1,008,873</u>	<u>1,557,237</u>

Terms and currency denomination of the balances with related parties are disclosed in note 18. Such balances are non-trade in nature and will be settled upon the Listing.

26 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation and no dividend has been paid or declared by the companies now comprising the Group to the then equity holders of these companies in each of the year ended 30 June, 2018 and 2019.

On 31 October, 2019, Proofer Boulangerie Pte. Ltd. declared and settled dividend amounting to S\$1,300,000 to the then shareholders of the Group. Such dividend payable is offset against amount due from the directors and represented a non-cash transaction during the four months ended 31 October, 2019.

27 NOTES TO COMBINED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	Borrowings S\$	Lease liabilities S\$	Dividend payable S\$	Total S\$
As at 1 July, 2017	—	9,189,882	—	9,189,882
— Finance cost	7,852	603,559	—	611,411
Cash flows				
— Borrowings drawdown	800,000	—	—	800,000
— Interest paid	(7,371)	(603,559)	—	(610,930)
— Principal elements of payments	(22,146)	(1,841,255)	—	(1,863,401)
Non-cash changes				
— Additions to lease liabilities	—	5,932,045	—	5,932,045
As at 30 June, 2018	<u>778,335</u>	<u>13,280,672</u>	<u>—</u>	<u>14,059,007</u>
As at 1 July, 2018	778,335	13,280,672	—	14,059,007
— Finance cost	53,679	1,024,353	—	1,078,032
Cash flows				
— Borrowings drawdown	990,000	—	—	990,000
— Interest paid	(53,726)	(1,024,353)	—	(1,078,079)
— Principal elements of payments	(203,171)	(3,410,366)	—	(3,613,537)
Non-cash changes				
— Additions to lease liabilities	—	7,837,563	—	7,837,563
As at 30 June, 2019	<u>1,565,117</u>	<u>17,707,869</u>	<u>—</u>	<u>19,272,986</u>
As at 1 July, 2018	778,335	13,280,672	—	14,059,007
— Finance cost	19,336	290,718	—	310,054
Cash flows				
— Borrowings drawdown	250,000	—	—	250,000
— Interest paid	(19,336)	(290,718)	—	(310,054)
— Principal elements of payments	(95,813)	(967,947)	—	(1,063,760)
Non-cash changes				
— Additions to lease liabilities	—	2,459,949	—	2,459,949
As at 31 October, 2018 (unaudited)	<u>932,522</u>	<u>14,772,674</u>	<u>—</u>	<u>15,705,196</u>
As at 1 July 2019	1,565,117	17,707,869	—	19,272,986
— Finance cost	33,273	359,045	—	392,318
Cash flows				
— Interest paid	(33,273)	(359,045)	—	(392,318)
— Principal elements of payments	(561,114)	(1,246,978)	—	(1,808,092)
Non-cash changes				
— Additions to lease liabilities	—	38,868	—	38,868
— Declaration of dividend (<i>note 26</i>)	—	—	1,300,000	1,300,000
— Offset against amount due from the directors (<i>note 26</i>)	—	—	(1,300,000)	(1,300,000)
As at 31 October, 2019	<u>1,004,003</u>	<u>16,499,759</u>	<u>—</u>	<u>17,503,762</u>

28 SHARE CAPITAL OF THE COMPANY

	Number of ordinary shares	Equivalent nominal value of ordinary share S\$
Authorised:		
38,000,000 shares of HK\$0.01 each	<u>38,000,000</u>	<u>52</u>
Issued:		
Issued and paid on 16 May, 2019 (date of incorporation) and balances as at 30 June, 2019 and 31 October, 2019	<u>1</u>	<u>—*</u>

* Less than S\$1

29 SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, subsequent to 31 October, 2019, the following subsequent events took place:

- (i) On 23 April, 2020, AA United Holdings, the then holding company, declared a dividend of S\$4.2 million, which was settled by offsetting against amount due from the directors.
- (ii) The Group has conditionally adopted a share option scheme on 24 April, 2020 under which any eligible person may be granted options to subscribe for new shares of the Company. As at the date of this report, no share options have been granted under the scheme.
- (iii) The authorised share capital of the Company was increased on 24 April, 2020 from HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each to HK\$6,000,000 divided into 600,000,000 shares of HK\$0.01 each.
- (iv) The Reorganisation was completed on 24 April, 2020. Refer to Note 1.2(vi) for details.
- (v) Pursuant to a written resolution of the shareholders passed on 24 April, 2020, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors were authorised to allot and issue a total of 179,999,000 shares credited as fully paid at par to the shareholders of the Company by way of capitalisation of an amount of HK\$1,799,990 standing to the credit of the share premium account of the Company.
- (vi) Since January 2020, Singapore has reported certain confirmed cases of Novel Coronavirus ("COVID-19") which affected the usual business environment of the country as a whole. The Singapore government has made numerous precautionary measures and implemented safe distancing measures since April 2020, including calling for closure of non-essential services. The safe distancing measures were further elevated on 21 April, 2020 whereby less critical consumer services were also suspended. Under the above measures, although the Group is allowed to continue to operate most of its outlets by providing takeaway or delivery services, the Group's result of operations is adversely affected. The Directors, however, considered that such adverse effect may be mitigated by the supporting measures introduced by the Singapore government, including but not limited to rental rebate and government grant under the job support scheme.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 October, 2019 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 October, 2019.

The following information does not form part of the Accountant's Report prepared by PricewaterhouseCoopers, Certified Public Accountants, the reporting accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed "FINANCIAL INFORMATION" in this prospectus and the Accountant's Report in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the owners of the Company as of 31 October, 2019 as if the Share Offer had taken place on 31 October, 2019.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 October, 2019 or at any future dates following the Share Offer.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 31 October, 2019 S\$'000 (Note 1)	Estimated net proceeds from the Share Offer S\$'000 (Note 2)	Unaudited pro forma adjusted combined net tangible assets attributable to the owners of the Company as at 31 October, 2019 S\$'000	Unaudited pro forma adjusted combined net tangible assets per Share	
				S\$ (Note 3)	HK\$ (Note 4)
Based on an Offer Price of HK\$0.90 per Share	<u>5,732</u>	<u>6,699</u>	<u>12,431</u>	<u>0.05</u>	<u>0.30</u>
Based on an Offer Price of HK\$1.10 per Share	<u>5,732</u>	<u>8,671</u>	<u>14,403</u>	<u>0.06</u>	<u>0.34</u>

Notes:

- (1) The audited combined net tangible assets attributable to the owners of the Company as at 31 October, 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the owners of the Company as at 31 October, 2019 of approximately S\$5,732,000 as the Group has no intangible asset as at 31 October, 2019.
- (2) The estimated net proceeds from the Share Offer are based on 60,000,000 Offer Share and the indicative Offer Price of HK\$0.90 per Share and HK\$1.10 per Share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding approximately S\$2,455,000 which have been recognised in the combined statement of comprehensive income during the Track Record Period).
- (3) The unaudited pro forma net tangible assets per Shares is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 240,000,000 Shares were in issue assuming that the Share Offer has been completed on 31 October, 2019 but takes no account of any Shares to be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options to be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the Issue Mandate and Repurchase Mandate as described in the section headed "SHARE CAPITAL" in this prospectus.
- (4) For the purpose of this unaudited pro forma adjusted net tangible asset per Share, amounts stated in Singapore dollars are converted into Hong Kong dollars at a rate of S\$1 to HK\$5.72, as set out in the section headed "INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER" in this prospectus. No representation is made that Singapore dollar amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets per Share to reflect any trading result or other transaction of the Group entered into subsequent to 31 October, 2019. Specifically, the unaudited pro forma adjusted net tangible asset per Share presented above has not taken into account effect of the proposed dividend of S\$4.2 million which was declared subsequent to 31 October, 2019 on 23 April, 2020. The unaudited pro forma adjusted net tangible asset per Share would have been S\$0.03 (HK\$0.20) and S\$0.04 (HK\$0.24) per Share based on the Offer Price of HK\$0.90 and HK\$1.10 per Share, respectively, if such proposed dividend had been accounted for.

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Singapore Food Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Singapore Food Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 October, 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 29 April, 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 October, 2019 as if the proposed initial public offering had taken place at 31 October, 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the period ended 31 October, 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 October, 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 29 April 2020

APPENDIX III	SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW
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Set out below is a summary of certain provisions of the Memorandum and Articles of Association of our Company and of certain aspects of Cayman companies law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 May, 2019 under the Companies Law. Our Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, amongst others, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in Section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 24 April, 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any

adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch

register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors***(i) Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this

would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and, or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members***(i) Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and

must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers; and
- (ee) the fixing of the remuneration of the directors and of the auditors.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of Section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however,

notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 21 May, 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as recorded by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January, 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION — Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 16 May, 2019. Our Company has established a principal place of business in Hong Kong at Unit A, 12/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 5 September, 2019. We have appointed Mr. Yu Chun Kit as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Cayman Islands law and its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and the relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in authorised and issued share capital of our Company

- (a) As at the date of incorporation, our Company had an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. On the same day, one Share was allotted and issued as fully paid to our Company's initial subscriber, which was subsequently transferred to AA Food Holdings.
- (b) On 24 April, 2020, as part of the Reorganisation, our Company allotted and issued 849 and 150 Shares credited as fully paid to AA Food Holdings and the Pre-IPO Investor, respectively. In consideration thereof, AA Food Holdings and the Pre-IPO Investor transferred its 850 and 150 ordinary shares in AA United Holdings (in aggregate representing the entire issued share capital of AA United Holdings) to our Company, respectively.
- (c) On 24 April, 2020, AA Food Holdings and the Pre-IPO Investor as the Shareholders of our Company resolved to increase the authorised share capital of our Company from HK\$380,000 to HK\$6,000,000 by the creation of an additional 562,000,000 Shares, each carrying the same rights as our Share(s) then in issue in all respects when issued and paid.
- (d) Immediately following completion of the Capitalisation Issue and the Share Offer, and taking no account of any Share which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, 240,000,000 Shares will be issued fully paid or credited as fully paid, and 360,000,000 Shares will remain unissued.

- (e) Other than pursuant to the general mandate to issue Shares referred to the subsection headed “Further information about our Group — 3. Written resolutions of the Shareholders passed on 24 April, 2020” below and the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, we will not issue any Shares which would effectively alter the control of our Company.
- (f) Save as disclosed in this prospectus, there has been no alteration in our Company’s share capital since its incorporation.

3. Written resolutions of the Shareholders passed on 24 April, 2020

Pursuant to the written resolution passed by the Shareholders on 24 April, 2020, among other things:

- (a) our Company approved and adopted the Memorandum of Association with immediate effect and conditionally approved and adopted the Articles of Association which will take effect from Listing;
- (b) the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$6,000,000 divided into 600,000,000 Shares by the creation of additional 562,000,000 new Shares which shall, when issued and paid, rank *pari passu* in all respects with the existing issued Shares;
- (c) conditional upon, among others, the conditions stated in the section headed “STRUCTURE AND CONDITIONS OF THE SHARE OFFER — Conditions of the Share Offer” in this prospectus being fulfilled or waived (as the case may be):
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer on and subject to the terms stated in this prospectus;
 - (ii) subject to the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares under the Share Offer, up to HK\$1,799,990 standing to the credit of the share premium account of our Company shall be capitalised and applied to pay up in full at par the allotment and issue of an additional 179,999,000 Shares to our Shareholders whose names appear on the register of members of our Company on the Business Day immediately preceding the Listing Date, each ranking *pari passu* in all respects with the then existing issued Shares (the “**Capitalisation Issue**”) in proportion as nearly as may be to their respective shareholding in our Company without involving fractions were approved;

- (iii) the rules of the Share Option Scheme (the principal terms of which are set out in the sub-section headed “Share Option Scheme” below, which are subject to such amendments as may be approved by our Directors or any committee thereof) were approved and adopted and our Directors were authorised, at their absolute discretion, to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to do such acts and things as it may consider necessary or expedient to give effect to the transactions contemplated under and to implement the Share Option Scheme;
- (iv) a general unconditional mandate (the “**Issue Mandate**”) was given to our Directors to allot, issue and deal with, whether pursuant to an option or otherwise, additional Shares, including the power to make or grant offers, agreements and options which would or might require the exercise of such power, (otherwise than pursuant to (1) a rights issue; (2) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by our Company or any securities which are exchangeable into Shares; (3) the exercise of the Offer Size Adjustment Option and the subscription rights under options granted under the Share Option Scheme or any other similar arrangement of our Company from time to time adopted for the grant or issue to officers and, or employees and, or consultants and, or advisers of our Company and, or any of its subsidiaries and, or other persons of Shares or rights to acquire Shares; or (4) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles) unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period which such mandate remains in effect) with an aggregate number of not exceeding the sum of 20% of the total number of Shares of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer, but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme, and such mandate to remain in effect from the date of Listing until whichever is the earliest of: (I) the conclusion of the next annual general meeting of our Company; (II) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or (III) the date of the passing of an ordinary resolution of the Shareholders in general meeting revoking or varying such mandate;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors authorising them to exercise all powers for and on our behalf to repurchase Shares on GEM or other stock exchange on which Shares may be listed and recognised by the SFC and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules or of any other stock exchange as amended from time to time, such number of Shares not exceeding 10% of the aggregate number of issued Shares of our Company immediately following the completion of the Capitalisation Issue and the Share Offer (excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of (1) the conclusion of the next annual general meeting of our Company; (2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles or any other applicable laws of the Cayman Islands; or (3) the date of passing of an ordinary resolution of our Shareholders in general meeting revoking or varying such mandate; and
- (vi) the Issue Mandate was extended by the addition to the aggregate number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate, provided that such extended amount shall not exceed 10% of the total number of the issued Shares of our Company immediately following completion of the Capitalisation Issue and the Share Offer.

4. Corporate Reorganisation

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. Please refer to the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Reorganisation” in this prospectus for further details.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant’s Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the sub-section headed “4. Corporate Reorganisation” above and the section headed “HISTORY, REORGANISATION AND CORPORATE STRUCTURE — Reorganisation” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase of our Shares by our Company

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of the Shares by our Company.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit companies whose primary listing is on GEM to repurchase their securities on GEM subject to certain restrictions, a summary of which is set out below:

(i) Shareholders' approval

The GEM Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by the Shareholders on 24 April, 2020, a Repurchase Mandate was granted to our Directors authorising them to exercise all powers of our Company to repurchase on GEM or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate number of Shares of our Company in issue immediately following completion the Capitalisation Issue and the Share Offer but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

(ii) Source of Funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Memorandum, the Articles, the applicable laws of the Cayman Islands and the GEM Listing Rules. Our Company may not repurchase its own Shares on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) Connected parties

The GEM Listing Rules prohibit our Company from knowingly repurchasing the Shares on GEM from a “core connected person”, which includes a director, chief executive or substantial shareholder of our Company or any of its subsidiaries and a core connected person shall not knowingly sell Shares to our Company on GEM.

(b) Exercise of the Repurchase Mandate

On the basis of 240,000,000 Shares in issue immediately after the Capitalisation Issue and the Share Offer, our Directors would be authorised under the Repurchase Mandate to repurchase up to 24,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and its Shareholders for our Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and, or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(d) Funding of repurchases

In repurchasing our Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or to the best of their knowledge, having made all reasonable enquiries, any of their close associates, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws and regulations from time to time in force in the Cayman Islands.

If, as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interests in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of the Shareholders' interests, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the Listing pursuant to the Repurchase Mandate. At present, so far as is known to our Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules). No core connected person of our Company has notified our Company that he, or she, or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this prospectus, which are or may be material in relation to the business of our Group taken as a whole:

- (a) the Deed of Transfer dated 9 July, 2019 entered into among Ms. Anita Chia trading as Proofer Bakery & Pizzeria, Proofer Bakery and Ms. Anita Chia, pursuant to which Proofer Bakery & Pizzeria agreed to sell its manufacturing and retail of confectionary and bakery products business to Proofer Bakery at a consideration of S\$1.00;
- (b) the share sale and purchase agreement dated 24 October, 2019 entered into among Mr. Aris Goh and Ms. Anita Chia (as sellers), Proofer Boulangerie Holdings (as buyer) and AA United Holdings, for the sale and purchase of: (i) 200,000 shares of Proofer Bakery; (ii) 200,000 shares of Proofer Boulangerie; (iii) 100,000 shares of Proofer Pizzeria; and (iv) 100,000 shares of Proofer (Tanjong Pagar) in consideration for S\$3,432,271, which was satisfied by the allotment and issue of an aggregate of 9,999 shares of Proofer Boulangerie Holdings, credited as fully paid, to AA United Holdings;
- (c) the share sale and purchase agreement dated 24 October, 2019 entered into among Mr. Aris Goh and Ms. Anita Chia (as sellers), Yuba Hut Holdings (as buyer) and AA United Holdings, for the sale and purchase of: (i) 200,000 shares of Yuba Hut; (ii) 100,000 shares of Yuba Hut (Hillion); (iii) 100,000 shares of Yuba Hut (Northpoint); and (iv) 170,000 shares of Yuba Hut (POIZ) in consideration for S\$1,854,639, which was satisfied by the allotment and issue of an aggregate of 9,999 shares of Yuba Hut Holdings, credited as fully paid, to AA United Holdings;




- (d) the share sale and purchase agreement dated 24 October, 2019 entered into among Mr. Aris Goh and Ms. Anita Chia (as sellers), Laura Food Holdings (as buyer) and AA United Holdings, for the sale and purchase of: (i) 100,000 shares of Laura Baguette; (ii) 100,000 shares of Laura Cafe; and (iii) 110,000 shares of 300 BC Bakery in consideration for S\$457,382, which was satisfied by the allotment and issue of an aggregate of 2,172 shares of Laura Food Holdings, credited as fully paid, to AA United Holdings;
- (e) the share sale and purchase agreement dated 24 October, 2019 entered into among Mr. Aris Goh (as seller), Laura Food Holdings (as buyer) and AA United Holdings for the sale and purchase of 200,000 shares of Aris Gourmet in consideration for S\$645,763, which was satisfied by the allotment and issue of 3,066 shares of Laura Food Holdings, credited as fully paid, to AA United Holdings;
- (f) the share sale and purchase agreement dated 24 October, 2019 entered into among Ms. Anita Chia (as seller), Laura Food Holdings (as buyer) and AA United Holdings for the sale and purchase of 100,000 shares of Anita Bakery in consideration for S\$1,002,831, which was satisfied by the allotment and issue of 4,761 shares of Laura Food Holdings, credited as fully paid, to AA United Holdings;
- (g) the subscription agreement dated 28 March, 2019 entered into among the Pre-IPO Investor, AA United Holdings and AA Food Holdings, pursuant to which, among other things, the Pre-IPO Investor agreed to subscribe for 75 ordinary shares of AA United Holdings at a consideration of HK\$7,500,000 (or an equivalent amount of Singapore dollars);
- (h) the supplemental subscription agreement dated 22 July, 2019 entered into among the Pre-IPO Investor, AA United Holdings and AA Food Holdings, pursuant to which the parties thereto agreed that: (i) the number of shares of AA United Holdings to be subscribed by the Pre-IPO Investor will be increased from 75 to 150 ordinary shares; and (ii) the consideration for the subscription will be increased from HK\$7,500,000 to HK\$15,000,000 (or an equivalent amount of Singapore dollar);
- (i) the sale and purchase agreement dated 24 April, 2020 entered into among the Pre-IPO Investor, AA Food Holdings (as vendors) and our Company (as purchaser), pursuant to which our Company agreed to purchase 850 and 150 shares of AA United Holdings (representing all issued shares of AA United Holdings) from AA Food Holdings and the Pre-IPO Investor, respectively, in consideration of our Company allotting and issuing 849 and 150 new Shares, all credited as fully paid, to AA Food Holdings and the Pre-IPO Investor, respectively;
- (j) the Deed of Indemnity dated 24 April, 2020 executed by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) regarding certain indemnities, details of which are set out in the subsection headed “Other information — 1. Tax and other indemnities” below;






- (k) the cornerstone investment agreement dated 27 April, 2020 entered into among our Company, Riverine China Holdings Limited, the Sole Sponsor and the Joint Global Coordinators, details of which are included in the section headed “CORNERSTONE INVESTOR” in this prospectus; and
- (l) the Public Offer Underwriting Agreement dated 28 April, 2020 relating to the Public Offer and entered into by, among others, our Company and the Public Offer Underwriters, particulars of which are summarised in the section headed “UNDERWRITING” in this prospectus.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademarks which are material to our business:

Trademark	Place of registration	Registered Owner	Class(es)	Trade Mark no.	Date of registration	Expiry date
300°BAKERY 300°BAKERY	Singapore	300 BC Bakery	30	40201820435Q	5 October, 2018	5 October, 2028
	Singapore	Laura Baguette	30, 43	40201820433X	5 October, 2018	5 October, 2028
						
proofer bakery & pizzeria	Singapore	Proofer Bakery	30	T1314268G	4 September, 2013	4 September, 2023
	Singapore	Proofer Bakery	30, 43	40201818763Y	14 September, 2018	14 September, 2028
						
	Singapore	Yuba Hut	43	40201818773U	14 September, 2018	14 September, 2028
						

Trademark	Place of registration	Registered Owner	Class(es)	Trade Mark no.	Date of registration	Expiry date
300°BAKERY 300°BAKERY	Hong Kong	Laura Food Holdings	43	304878956	2 April, 2019	1 April, 2029
	Hong Kong	Laura Food Holdings	43	304878947	2 April, 2019	1 April, 2029
						
	Hong Kong	Yuba Hut Holdings	43	304878938	2 April, 2019	1 April, 2029
	Hong Kong	Yuba Hut Holdings	43	304878901	2 April, 2019	1 April, 2029
						
proofer boulangerie proofer boulangerie	Hong Kong	Proofer Boulangerie Holdings	43	304878910	2 April, 2019	1 April, 2029

(b) Domain name

As at the Latest Practicable Date, our Group was the owner of the following domain name which is material to our business:

Domain Name	Registered Owner	Date of registration	Expiry Date
proofer.com.sg	Proofer Bakery	14 November, 2013	14 November, 2020

Note: Information contained in the website does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents and other intellectual property rights which are or may be material to the business of our Group.

FURTHER INFORMATION ABOUT OUR DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND EXPERTS

1. Disclosure of Interests

(a) *Interests and short positions of Directors and chief executive in our Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in our Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, to be notified to our Company and the Stock Exchange, once our Shares are listed, will be as follows:

(i) *Long position in our Shares*

Name of Director	Capacity/ Nature of interest	Number of Share(s) held/ interested immediately after completion of the Capitalisation Issue and the Share Offer	Shareholding percentage immediately after completion of the Capitalisation Issue and the Share Offer
Mr. Aris Goh	Interest in a controlled corporation ^(Note)	153,000,000	63.75%
Ms. Anita Chia	Interest in a controlled corporation ^(Note)	153,000,000	63.75%

Note: AA Food Holdings will directly hold 153,000,000 Shares immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares to be issued upon the exercise of the Offer Size Adjustment Option and the options which may be granted under Share Option Scheme). AA Food Holdings is directly owned by Mr. Aris Goh and Ms. Anita Chia in equal share. Since (i) Mr. Aris Goh is the spouse of Ms. Anita Chia; and (ii) AA Food Holdings is owned by Mr. Aris Goh and Ms. Anita Chia in equal share, each of Mr. Aris Goh and Ms. Anita Chia is deemed to be interested in all the Shares held by AA Food Holdings under the SFO.

(ii) Long position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Capacity/ Nature of interest	Number of shares held	Shareholding percentage
Mr. Aris Goh	AA Food Holdings	Beneficial owner	One	50%
Ms. Anita Chia	AA Food Holdings	Beneficial owner	One	50%

(b) Interests of substantial shareholders in our Shares and underlying Shares

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme), the following persons (other than our Directors or chief executive of our Company) will have interests or short positions in our Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held/interested immediately after completion of the Capitalisation Issue and the Share Offer ⁽¹⁾	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
AA Food Holdings ⁽²⁾	Beneficial interest	153,000,000 (L)	63.75%
Dunman Capital Global Limited ⁽³⁾	Beneficial interest	27,000,000 (L)	11.25%
Mr. Yang ⁽³⁾	Interest in a controlled corporation	27,000,000 (L)	11.25%
Ms. Zhong Hua ⁽⁴⁾	Interest of spouse	27,000,000 (L)	11.25%

Notes:

1. The letter "L" denotes the entity's long position in our Shares.
2. AA Food Holdings is directly owned by Mr. Aris Goh and Ms. Anita Chia in equal share. Since (i) Mr. Aris Goh is the spouse of Ms. Anita Chia; and (ii) AA Food Holdings is owned by Mr. Aris Goh and Ms. Anita Chia in equal share, each of Mr. Aris Goh and Ms. Anita Chia is deemed to be interested in all the Shares held by AA Food Holdings under the SFO.
3. Dunman Capital Global Limited is wholly-owned by Mr. Yang. As such, Mr. Yang is deemed to be interested in all the Shares held by Dunman Capital Global Limited under the SFO.
4. Ms. Zhong Hua is the spouse of Mr. Yang. Accordingly, Ms. Zhong Hua is deemed or taken to be interested in all the Shares which Mr. Yang is interested in under the SFO.

2. Particulars of Directors' service contracts

Each of our executive Directors has entered into a service contract with our Company on 24 April, 2020. Each service contract is for an initial term of three years commencing from the Listing Date and may be terminated by not less than three months' written notice served by either party on the other. Our executive Directors, Mr. Aris Goh and Ms. Anita Chia, are entitled to a fixed basic annual salary of S\$100,000 and S\$100,000 respectively for their services. Our Board shall have a complete discretion to grant any increase in the salary. Any increase so granted shall take effect from such date as our Board may specify.

Each of our independent non-executive Directors has signed an appointment letter with our Company on 24 April, 2020. Each appointment letter is for an initial term of three years commencing from the Listing Date and may be terminated by not less than one month's written notice served by either party on the other. Each of our independent non-executive Directors is entitled to a fixed annual director's fee of HK\$144,000 for his services.

The service contracts and appointment letters are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles and the GEM Listing Rules.

Save as aforesaid, none of our Directors has entered, or is proposed to enter, a service contract or an appointment letter with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Remuneration of Directors

- (a) Under the arrangements currently proposed, conditional upon the Listing, the annual salaries of our executive Directors and the annual director's fees of our independent non-executive Directors are as follows:

Executive Directors

Mr. Aris Goh	S\$100,000
Ms. Anita Chia	S\$100,000

Independent non-executive Directors

Ms. Lei Dan	HK\$144,000
Mr. John Lim Boon Kiat	HK\$144,000
Mr. Kwok Kin Kwong Gary	HK\$144,000

- (b) The aggregate remuneration paid to our Directors (excluding our independent non-executive Directors) for 2018 financial year, 2019 financial year and the four months ended 31 October, 2020 were S\$61,643, S\$66,133 and S\$24,180, respectively.
- (c) Under the arrangements in force at the date of this prospectus, the aggregate of the remuneration payable to, and benefits in kind received by our Directors for the year ending 30 June, 2020 is expected to be approximately S\$0.2 million.
- (d) No amount was paid to our Directors as an inducement to join or upon joining our Company during the Track Record Period.
- (e) No compensation was paid to our Directors during the Track Record Period for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (f) There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

4. Agency fees or commissions received

Save as disclosed in the section headed "UNDERWRITING — Commission and expenses" in this prospectus, none of our Directors or the experts named in the sub-section headed "Other information — 7. Consents of experts" below had received any commissions, discounts, brokerages or other special terms granted as set out in paragraph 13 of Appendix 1A to the GEM Listing Rules within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Related party transactions

Details of the related party transactions are set out under Note 25 of the Accountant's Report in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

- (a) taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandates as referred to in the sub-section headed "Further information about our Group" above, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following the completion the Capitalisation Issue and the Share Offer, have an interest or short position in the Shares or underlying Shares which will fall to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group;
- (b) none of our Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by our Directors, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on GEM;
- (c) none of our Directors or the experts named in the sub-section headed "Other information — 6. Qualifications of experts" below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts named in the sub-section headed "Other information — 6. Qualifications of experts" below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of our Directors has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

- (f) so far as is known to our Directors, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the total number of issued Shares has any interests in the five largest customers or the five largest suppliers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation); and
- (h) no remuneration or other benefits in kind had been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by the Shareholders on 24 April, 2020.

For the purpose of this section, unless context otherwise requires:

“Adoption Date”	means 24 April, 2020, the date which the Share Option Scheme is conditionally adopted by our Company by the written resolutions of the Shareholders
“Board”	means the Board or a duly authorised committee thereof
“Eligible Employees”	means any employee (whether full time or part time employee, including any executive Directors) of our Company, any of its Subsidiaries and any Invested Entity
“Grantee”	means any Participant who accepts the offer of the grant of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee or the legal representative of such person
“Group”	means our Company and its Subsidiaries from time to time and “member(s) of our Group” shall be construed accordingly
“Invested Entity”	means any entity in which our Group holds any equity interest
“Option”	means an option to subscribe for Shares granted pursuant to the Share Option Scheme and for the time being subsisting

“Option Period” means in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten years from the date upon which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the Option

“Participant” means any person belonging to any of the following classes of participants:

- (a) any Eligible Employee;
- (b) any non-executive Director (including independent non-executive Directors) of our Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of our Group or any Invested Entity;
- (d) any customer of our Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to our Group or any Invested Entity;
- (f) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of our Group or any Invested Entity; and
- (h) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of our Group,

and for the purposes of this Share Option Scheme, the Options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of Participants or any discretionary object of a Participant which is a discretionary trust

“Scheme Period” means a period commencing on the Adoption Date and ending on the tenth anniversary of the Adoption Date (both dates inclusive)

(a) Purpose of the Share Option Scheme

The purpose of this Share Option Scheme is to provide incentives or rewards to Participants for their contribution to our Group and, or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group and any Invested Entity.

(b) Who may join

Subject to the Share Option Scheme and the GEM Listing Rules, the Board shall be entitled but shall not be bound at any time and from time to time within the Scheme Period to offer to grant to any Participant as the Board may in its absolute discretion select, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at a price calculated in accordance with sub-paragraph (d) below.

Upon acceptance of the Option, the Participant shall pay HK\$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of twenty one days from the date on which the Option is granted.

(c) Grant of option and acceptance of offer

No offer of grant of Options shall be made where inside information has come to our Company's knowledge until an announcement of such inside information has been published in accordance with the GEM Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rule) for approval of the results of our Company for any year, half-year or quarter-year period (if applicable) or any other interim period (whether or not required under the GEM Listing Rules); and (ii) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly (if applicable) or any other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the announcement of the results, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of a results announcement. The Board may not grant any option to a Participant who is a Director during the periods or times in which such Directors are prohibited from dealing in the Shares prescribed by Rules 5.48 to 5.67 of the GEM Listing Rules or any corresponding codes or securities dealing restrictions adopted by our Company.

No Participant shall be granted Options if exercised in full would result in the total number of Shares already issued under all the Options granted to him which have been exercised and issuable under all the Options granted to him which are for the time being subsisting and unexercised in any 12-month period would exceed 1% of the total number of Shares in issue, provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if such Participant is a connected person) abstaining from voting, our Company may make further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the total number of Shares already issued under all the Options granted to such Participant which have been exercised and issuable under all the Options granted to him which are for the time being subsisting and unexercised in any 12-month period exceed 1% of the total number of Shares in issue. We must send a circular to the Shareholders and the circular must disclose the identity of the Participant, the number and terms of the Options to be granted and Options previously granted to such Participant and all the information required under the GEM Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Participant must be fixed before the Shareholders’ approval and the date of the meeting of the Board for proposing such further grant of Option should be taken as the date of grant for the purpose of calculating the relevant subscription price.

Unless the Board otherwise determined and stated in the offer of the grant of options to a participant, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(d) Price of Shares

The subscription price in respect of Share under any particular Option shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option but in any case the relevant subscription price shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of the grant of the Option, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for the five trading days immediately preceding the date of the grant of the Option; and (iii) the nominal value of a Share.

For the purpose of determining the relevant subscription price where the Shares have been listed on the Stock Exchange for less than five trading days preceding the date of the grant of the Option, the issue price of the Shares shall be deemed to be the closing price of the Shares for any trading day falling within the five trading days period after the Listing Date.

(e) Maximum amount of Shares

- (i) The total number of Shares which may be issued upon exercise of all Options (excluding for this purpose Options which have lapsed in accordance with the terms of the Share Option Scheme and any other schemes) to be granted under the Share Option Scheme and other schemes must not, in aggregate, exceed 10% of the Shares in issue on the Listing Date. On the basis of 240,000,000 Shares in issue on the Listing Date, the limit will be equivalent to 24,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date (without taking into account any shares which may be affected and issued pursuant to the exercise of the Offer Size Adjustment Option).
- (ii) Our Company may refresh the 10% limit by seeking prior approval from Shareholders in a general meeting. The total number of Shares which may be issued upon exercise of all Options after the limit as refreshed, in aggregate, must not exceed 10% of the Shares in issue at the date of such Shareholders' approval from the Shareholders. Options previously granted under the Share Option Scheme or any other schemes (including Options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option scheme) will not be counted for the purpose of calculating the refreshed limit.
- (iii) Our Company may also grant Options beyond the 10% limit by seeking Shareholder approval in a general meeting, provided that the Grantee(s) of such Option(s) must be specifically identified before such approval is sought. In relation to the Shareholder's approval referred to in this paragraph (iii), our Company shall send a circular to its Shareholders containing a generic description of the specified Grantees who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options, an explanation as to how the terms of the Options serve such purpose and the information required by the GEM Listing Rules.
- (iv) Notwithstanding the foregoing, our Company must not grant any Options if the number of Shares, which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and other schemes, exceeds 30% of the Shares in issue from time to time.

(f) Time of Exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined by the Board absolutely, provided that such period shall not be more than ten years from the date upon which the Option is deemed to be granted and accepted in accordance with the Share Option Scheme. Our Board may, at its discretion, determine the minimum period for which the Option has to be held before the Option can be exercised.

(g) Rights are personal to grantee

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing by the Grantee shall entitle us to cancel any outstanding Option or part thereof granted to such Grantee (to the extent not already exercised) without incurring any liability on our Company.

(h) Rights on death

If a Grantee ceases to be a Participant by reason of death before exercising the Options in full, his legal personal representative(s) may exercise the Options in whole or in part (to the extent that it has become exercisable and not already exercised prior to such date of death) within a period of twelve months from the date of death, failing which such Option will lapse.

(i) Changes in capital structure

In any event of any alteration in the capital structure of our Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision or reduction or similar reorganisation of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), such corresponding alterations (if any) shall be made in:

- (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and, or
- (ii) the subscription price; and, or
- (iii) the method of exercise of the Option; and, or
- (iv) the maximum number of Shares referred in sub-paragraph (e) above and the Further Grant referred in sub-paragraph (c) above,

our Company's independent financial adviser or auditors shall certify in writing to the Board to be in their opinion fair and reasonable, provided that any alteration shall be made on the basis that the proportion of the issued share capital of our Company to which a Grantee is entitled after such alteration shall remain the same as that to which he was entitled to before such alteration and that the aggregate subscription price payable by a Grantee on the full exercise of any Option shall remain as close as possible (but shall not be greater than) as it was before such event. No such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value and no such adjustment will be required in circumstances where there is an issue of Shares or other securities of our Group for cash or as consideration in a transaction.

The capacity of our Company's auditors and independent financial advisers is that of experts and not of arbitrators and their certification, in the absence of manifest error, shall be final and binding on our Company and the Participants. The cost of our independent financial advisers of the auditors shall be borne by us.

(j) Rights on take-over

In the event of a general or partial offer, whether by way of take-over, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all Shareholders, or all such holders other than the offeror and, or any person controlled by the offeror and, or any person acting in concert (for the purposes of the Takeovers Code) with the offeror, we shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional, a Grantee shall be entitled to exercise his Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to us in exercise of his Option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(k) Rights on a compromise or arrangement

- (i) In the event a notice is given by our Company to the Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, we shall on the same date as or soon after it despatches such notice to each Shareholder give notice thereof to all Grantees and thereupon, each Grantee, subject to the provisions of all applicable laws (or where permitted under sub-paragraph (h) above, his legal personal representative(s)) shall be entitled to exercise all or any of his Options (to the extent which has become exercisable and not already exercised) at any time not later than two (2) Business Days prior to the proposed general meeting of our Company by giving notice in writing to us, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon we shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid, which Shares shall rank pari passu with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

- (ii) In the event of a compromise or arrangement between our Company and its creditors (or any class of them) or between our Company and its members (or any class of them), in connection with a scheme for the reconstruction or amalgamation of our Company, we shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement, and thereupon any Grantee (or where permitted under sub-paragraph (h) above his legal personal representative(s)) may forthwith and until the expiry of the period commencing with such date and ending with the earlier of the date falling two calendar months thereafter and the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his Option (to the extent which has become exercisable and not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Our Company may thereafter require such Grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his Option so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(l) Rights of Grantee ceasing to be a Participant

In the event of the Grantee ceasing to be a Participant for any reason other than his death or termination of his employment on one or more of the grounds specified in the sub-paragraph (n)(iv) below, the Grantee may exercise the Option in accordance with the Share Option Scheme, up to his entitlement at the date of cessation in whole or in part (to the extent which has become exercisable and not already exercised) which date shall be the last actual working day with our Company or the relevant Subsidiary or the relevant Invested Entity whether salary is paid in lieu of notice or not, or such longer period following the date of cessation as the Board may determine.

(m) Lapse on option

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period (subject to the provisions of the Share Option Scheme);
- (ii) the expiry of any periods referred to in paragraphs (h) and (l);
- (iii) the date on which the offer (or the case may be, revised offer) referred to in sub-paragraph (j) above closes;
- (iv) subject to sub-paragraph (k)(i) above, the date of the commencement of the winding-up of our Company;

- (v) the date on which the Grantee ceases to be a Participant by reason of the termination of his employment on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment summarily at common law or pursuant to any applicable laws or under the Grantee's service contract with our Company or the relevant Subsidiary or the relevant Invested Entity. A resolution of the Board or the board of directors of the relevant Subsidiary or the board of directors of the relevant Invested Entity to the effect that employment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive and binding on the Grantee;
- (vi) subject to sub-paragraph (k)(ii) above, the date when the proposed compromise or arrangement becomes effective;
- (vii) the date on which the Grantee commits a breach of sub-paragraph (g) above;
or
- (viii) if our Directors at their absolute discretion determine that the Grantee (other than an Eligible Employee) or his close associate (or his associates if such Grantee is a connected person) has committed any breach of any contract entered into between the Grantee or his close associate (or his associates if such Grantee is a connected person) on the one part and our Group or any Invested Entity on the other part or that the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, our Directors shall determine that the outstanding Options granted to the Grantee (whether exercisable or not) shall lapse. In such event, his Options will lapse automatically and will not in any event be exercisable on or after the date on which our Directors have so determined.

(n) Ranking of Shares

Shares allotted and issued upon exercise of an Option will be subject to all provisions of our Company's articles of associations amended from time to time and will rank pari passu in all respects with the existing fully paid Shares in issue as from the day when the name of the Grantee is registered on the register of members of our Company and accordingly will entitle the holder to participate in all dividends or other distributions paid or made on or after the date when the name of the Grantee is registered on the register of members of our Company other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date when the name of the Grantee is registered on the register of members of our Company, provided always that when the date of exercise of the Option falls on a day upon which the register of members of our Company is closed then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of members of our Company is re-opened. A Share allotted upon exercise of an Option shall not carry any voting right until the completion of the registration of the Grantee as the holder thereof.

(o) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be subject to the prior written consent of the relevant Grantee and approval of our Directors.

Where our Company elects to cancel Options and issue new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Options (excluding cancelled Options) within the limit approved by the Shareholders.

(p) The Scheme Period

Subject to the termination of the Share Option Scheme, the Share Option Scheme will be valid and effective for the Scheme Period, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the Scheme Period and remain unexercised immediately prior to the end of the Scheme Period shall continue to be exercisable in accordance with their terms of grant, notwithstanding the expiry of the Share Option Scheme.

(q) Alteration and termination of Share Option Scheme

The terms and conditions of the Share Options Scheme relating to the matters set out in Rule 23.03 of the GEM Listing Rules shall not be altered to the advantage of participants except with the approval of the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of our Board in relation to any alteration to the term of the Share Option Scheme shall be approved by the Shareholders in general meeting except where the alteration take effect automatically under the existing terms of the Share Option Scheme.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules and no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to options granted under the Share Option Scheme and provided further that any alterations to the terms and conditions of the Share Option Scheme which are of a material nature shall first be approved by the Stock Exchange.

Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

Our Company, by ordinary resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered. On termination, the provision of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(r) Granting of option to a Director, chief executive of our Company or Substantial Shareholder or any of their close associates

Where Options are proposed to be granted to a Director, chief executive of our Company or Substantial Shareholder, or any of their respective close associates, the proposed grant must comply with the requirements of the GEM Listing Rules and be approved by all independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).

If a grant of Options to a Substantial Shareholder or an independent non-executive Director or their respective close associates will result in the Shares issued and to be issued upon exercise of all Options granted and to be granted (including both exercised and outstanding Options) to such a person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such a further grant of Options must be approved by Shareholders in a general meeting. All connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the GEM Listing Rules.

In addition, any change in the terms of the Option granted to a Substantial Shareholder or an independent non-executive Director, or any of their respective close associates must also be approved by the Shareholders in a general meeting. The circular must contain the following:

- (i) details of the number and terms of the Options (including the Option period, performance targets (if any), basis of determination of exercise price and the rights attached to the Shares or the Option) to be granted to each Substantial Shareholder or independent non-executive Director, or any of their respective close associations, which must be fixed before the Shareholders' meeting, and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;
- (ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a Grantee of the Options) to the independent Shareholders as to voting; and
- (iii) all other information as required by the GEM Listing Rules.

The requirements for the grant of an Option to a Director or chief executive of our Company set out in Rules 23.04(1), (2) and (3) shall not apply where the proposed grantee is only a proposed Director or chief executive of our Company.

(s) Conditions of Share Option Scheme

The Share Option Scheme is conditional upon on (i) the passing of resolutions by the Shareholders to adopt the Share Option Scheme and to authorise the Board to grant Options under the Share Option Scheme and to allot and issue Shares pursuant to the exercise of the Share Option Scheme; (ii) the Stock Exchange granting approval of the listing of and permission to deal in the Shares which fall to be issued upon exercise of the Options granted (subject to an initial limit of 10% of the aggregate number of Shares in issue on the Listing Date); and (iii) the commencement of dealings in the Shares on GEM.

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

Application has been made to the Stock Exchange for the approval of the Share Option Scheme, the subsequent granting of Options under Share Option Scheme and listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options granted under the Share Option Scheme.

OTHER INFORMATION

1. Tax and other indemnities

Mr. Aris Goh, Ms. Anita Chia and AA Food Holdings (collectively, the “**Indemnifiers**”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for each member of our Group), being a contract referred to in the sub-section headed “Further information about our business — 1. Summary of material contracts” above, to provide indemnities on a joint and several basis in respect of, among other things:

- (a) taxation falling on any member of our Group resulting from or by reference to any revenue, income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on or before the date on which the Share Offer becomes unconditional and dealings in shares of our Company first commence on the Stock Exchange (the “**Effective Date**”) or any transactions, matters, things, event, act or omission occurring or deemed to occur on or before such date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstance whenever occurring, and whether or not such taxation is chargeable against or attributable to any other person, firm, company or corporation and including any and all taxation resulting from the receipt by any member of our Group on or prior to the Effective Date of any amounts payable hereunder; and

- (b) all costs (including all legal costs), expenses, interests, penalties, fines, charges or other liabilities which any member of our Group may properly incur in connection with:
 - (i) the investigation, assessment, the contesting of any claim under (a) above;
 - (ii) the settlement of any claim under (a) above;
 - (iii) any disputes, arbitrations or legal proceedings in which any member of our Group claims under or in respect of (a) above, and in which judgment is given for any member of our Group; or
 - (iv) the enforcement of any such settlement or judgments, falling on any member of our Group which might be payable by our Company in respect of any incomes, profits or gains earned, accrued, received or entered into (or deemed to be so earned, accrued, received or entered into).

The Indemnifiers have also, under the Deed of Indemnity abovementioned, agreed and undertaken to each of the members of our Group and at all times keep the same indemnified on demand from and against any costs, expenses, losses, damages, claims or penalties that our Group may suffer or incur, as a result of or in connection with, among others, our Group's non-compliance matters as such matters subsist on or prior to the Effective Date. For the avoidance of doubt, the indemnities provided by the Indemnifiers shall cover the non-compliance incidents set out in the section headed "BUSINESS — Non-compliance matters" in this prospectus.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation, among other:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of our Group or the audited accounts of any member of our Group for an accounting period ended on or before 31 October, 2019;
- (b) falling on any member of our Group as a result of any transaction entered into by any member of our Group on or after the Effective Date in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets;
- (c) to the extent that such taxation arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any governmental (whether national, provincial or otherwise) taxation bureau or authorities in Singapore, Hong Kong and the Cayman Islands or other taxation or fiscal authorities elsewhere in the world having retrospective effect coming into force after the Effective Date or to the extent that such taxation arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect (except the imposition of or an increase in the rate of Hong Kong profits tax or any tax of any part of the world on the profits of companies for the current or any earlier financial period);

- (d) to the extent that such taxation is discharged by another person who is not a member of our Group and that none of the members of our Group is required to reimburse such person in respect of the discharge of the taxation; or
- (e) to the extent of any provision or reserve made for taxation in the audited accounts referred to in sub-paragraph (a) above which is finally established to be an overprovision or an excessive reserve, provided that the amount of any such provision or reserve applied to reduce the liability of the Indemnifiers or any of them in respect of taxation shall not be available in respect of any such liability arising thereafter.

Our Directors have been advised that no material liability for estate duty is likely to fall upon any member of our Group.

2. Litigation

Our Directors confirm that as at the Latest Practicable Date, our Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. The Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of and permission to deal in our Shares in issue and to be issued as stated herein and any Shares which may fall to be issued pursuant to the exercise of the Offer Size Adjustment Option and the options which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 6A.07 of the GEM Listing Rules.

The Sole Sponsor has received or will receive a financial advisory and documentation fee of approximately HK\$7.5 million and will be reimbursed for its expenses.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US\$8,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Anglo Chinese Corporate Finance, Limited	A corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
PricewaterhouseCoopers	Certified Public Accountants
Euromonitor International Limited	Industry consultant
Baker Tilly TFW LLP	Singapore GST adviser
Shook Lin & Bok LLP	Singapore legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Baker Tilly Consultancy (Singapore) Pte. Ltd.	Internal control consultant

7. Consents of experts

Each of the experts whose names are set out in the sub-section headed “Other information — 6. Qualifications of experts” above has given and has not withdrawn its written consents to the issue of this prospectus, with the inclusion of its letters and, or reports and, or opinions and, or summary thereof (as the case may be) and, or reference to its name included herein in the form and context in which they respectively appear.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Registration procedures

Conyers Trust Company (Cayman) Limited will maintain the principal register of members of our Company in the Cayman Islands and Boardroom Share Registrars (HK) Limited will maintain a branch register of members of our Company in Hong Kong. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. We have made all necessary arrangements to enable the Shares to be admitted into CCASS.

10. Material adverse change

Our Directors confirm that there had been no material adverse change in the financial or trading position or prospects of our Company or its subsidiaries since 31 October, 2019 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this prospectus, save as disclosed in the section headed “SUMMARY — Recent development subsequent to the Track Record Period and material adverse change” in this prospectus.

11. Taxation of holders of Shares

(a) *Hong Kong*

Dealings in Shares registered on the Hong Kong Branch Share Registrar of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) *Cayman Islands*

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) *Consultation with professional advisers*

We recommend intending holders of the Shares to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

12. Miscellaneous

Save as disclosed in this prospectus:

- (i) Within the two years immediately preceding the date of this prospectus:
 - (aa) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid up either for cash or for a consideration otherwise than in cash;
 - (bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of any member of our Group and no commission has been paid or is payable in connection with the issue or sale of any share or loan capital of any member of our Group;

- (cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any share or loan capital of any member of our Group;
- (dd) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued; and
- (ee) no share or loan capital of any member of our Group is under option or agreed conditionally or unconditionally to be put under option;
- (ii) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 24 months immediately preceding the date of this prospectus;
- (iii) none of the parties listed in the sub-section headed “Other information — 6. Qualifications of experts” above:
 - (aa) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (bb) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
- (iv) our Company and its subsidiaries did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (v) our Directors have been advised that, under Cayman Islands law, the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands law;
- (vi) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (vii) our Group has no outstanding convertible debt securities;
- (viii) the English text of this prospectus shall prevail over the Chinese text; and
- (ix) there are no arrangements in existence under which future dividends are waived or agreed to be waived.

13. Bilingual document

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this prospectus, the English language version shall prevail.

APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION
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DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- i. copies of **White, Yellow** and **Green** Application Forms;
- ii. the written consents referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Other information — 6. Qualifications of experts” in Appendix IV to this prospectus; and
- iii. a copy of each of the material contracts referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of David Fong & Co., at Unit A, 12/F, China Overseas Building, 139 Hennessy Road, Wanchai, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum of Association and Articles of Association;
- (b) the Accountant’s Report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of our Group for the Track Record Period;
- (d) the report on unaudited pro forma financial information of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (e) the industry report prepared by Euromonitor referred to in the section headed “INDUSTRY OVERVIEW” in this prospectus;
- (f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (g) the Companies Law;
- (h) the legal opinion issued by Shook Lin & Bok LLP, the legal advisers to our Company as to Singapore law;

**APPENDIX V DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (i) the report issued by Baker Tilly TFW LLP, our Singapore GST Adviser referred to in the section headed “BUSINESS — Non-compliance matters — (i) Incident relating to GST — Rectification measures for the GST Incident” in this prospectus;
- (j) the service contracts and letter of appointments referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Further Information about our Directors, Substantial Shareholders and Experts — 2. Particulars of Directors’ service contracts” in Appendix IV to this prospectus;
- (k) the material contracts referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (l) the consents of experts referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Other information — 7. Consents of experts” in Appendix IV to this prospectus;
- (m) the rules of the Share Option Scheme referred to in the section headed “STATUTORY AND GENERAL INFORMATION — Share Option Scheme” in Appendix IV to this prospectus; and
- (n) the internal control report prepared by Baker Tilly Consultancy (Singapore) Pte. Ltd., the internal control consultant referred to in the section headed “BUSINESS” in this prospectus.

新加坡美食控股有限公司
SINGAPORE FOOD HOLDINGS LIMITED