



JLOGO HOLDINGS LIMITED 聚利寶控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8527



SHARE OFFER

Sponsor

MESSIS  大有融資

*Joint Bookrunners and
Joint Lead Managers*

FRONTPAGE 富比

Topper 
Dragon Securities
龍匯證券

IMPORTANT

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



JLOGO HOLDINGS LIMITED

聚利寶控股有限公司

(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	:	125,000,000 Shares (comprising 112,500,000 New Shares and 12,500,000 Sale Shares)
Number of Public Offer Shares	:	12,500,000 Shares (subject to reallocation)
Number of Placing Shares	:	112,500,000 Shares (comprising 100,000,000 New Shares and 12,500,000 Sale Shares) (subject to reallocation)
Offer Price	:	Not more than HK\$0.6 per Offer Share and not less than HK\$0.5 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	:	8527

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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 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 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 Bookrunners (for itself and on behalf of the Underwriters) on the Price Determination Date which is expected to be on or about Thursday, 26 April 2018. The Offer Price will not be more than HK\$0.6 per Offer Share and is expected to be not less than HK\$0.5 per Offer Share. Applicants for the Public Offer Shares are required to pay, on application, the maximum Offer Price of HK\$0.6 for each Offer Share together with brokerage fee of 1.0%, 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\$0.6 per Offer Share (the maximum Offer Price). If, for any reason, our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse.

The Joint Bookrunners (for itself and on behalf of the Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus (which is HK\$0.5 to HK\$0.6 per Offer Share) at any time 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.jlogoholdings.com. Further details are set out in "Structure and Conditions of the Share Offer" and "How to Apply for the Public Offer Shares" to 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 "Risk Factors" in this prospectus.

Prospective investors of the Share Offer should note that the Sponsor and/or the Joint Bookrunners (for itself and on behalf of the Underwriters) shall have the absolute right to terminate their obligations under the Underwriting Agreement by notice in writing to our Company with immediate effect if any of the events set forth in "Underwriting — Underwriting arrangements, commissions and expenses — Public Offer — Grounds for termination" in this prospectus occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is currently expected to be Wednesday, 9 May 2018).

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.

20 April 2018

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 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 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 listed issuers.

EXPECTED TIMETABLE

2018^(Note 1)

Public offer commences and **WHITE** and **YELLOW**

Application Forms 9:00 a.m., on Friday, 20 April

Latest time to complete electronic applications under

HK eIPO White Form Services through the

designed website www.hkeipo.hk^(Note 2, 3, 4) 11:30 a.m., on Wednesday, 25 April

Application lists for Public Offer open ^(Note 2) 11:45 a.m., on Wednesday, 25 April

Latest time for lodging **WHITE** and **YELLOW**

Application Forms 12:00 noon, on Wednesday, 25 April

Latest time for giving **electronic application instructions**

to HKSCC ^(Note 5) 12:00 noon, on Wednesday, 25 April

Application lists for Public Offer close ^(Note 2) 12:00 noon, on Wednesday, 25 April

Expected Price Determination Date on or about ^(Note 6) Thursday, 26 April

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 allotment of the Public Offer Shares

under the Public Offer to be published on our Company's

website at www.jlogoholdings.com and the website of the

Stock Exchange at www.hkexnews.hk on or before Tuesday, 8 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

"How to Apply for Public Offer Shares — Publication of

results" in this prospectus including our Company's website

at www.jlogoholdings.com and the website of the Stock

Exchange at www.hkexnews.hk on or before Tuesday, 8 May

Results of allocations in the Public Offer will be available at

www.tricor.com.hk/ipo/result with a "search by ID"

function on Tuesday, 8 May

Despatch/collection of Share certificates in respect of wholly

or partially successful applications pursuant to the Public Offer

on or about ^(Note 7, Note 8, Note 9, Note 10 and Note 12) Tuesday, 8 May

EXPECTED TIMETABLE

2018^(Note 1)

Despatch of **HK eIPO White Form** e-Auto 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^(Note 11) Tuesday, 8 May

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

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 in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 25 April 2018, 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.
3. Applicants will not be permitted to submit applications through the designated website at www.hkeipo.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 Public Offer Shares through the HK eIPO White Form service should refer to the section headed “How to apply for the Public Offer Shares” 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.
6. The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about Thursday, 26 April 2018 or such later date as the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company may agree. If, for any reason, the Offer Price is not agreed between the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company by Thursday, 26 April 2018 or such later date as may be agreed by the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company the Share Offer (including the Public Offer) will not proceed and will lapse.
7. Share certificates for the Public Offer Shares are expected to be issued on or about Tuesday, 8 May 2018 but will only become valid certificates of title at 8:00 a.m. on Wednesday, 9 May 2018 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 the Underwriting Agreements are 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 our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, between 9:00 a.m. to 1:00 p.m. on Tuesday, 8 May 2018. Applicants being individuals who are eligible for personal collection must not authorise any other person to make

EXPECTED TIMETABLE

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 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 information, 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-Auto 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 information is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.
12. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with their terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

For details of the structure and conditions of the Share Offer, please refer to the section headed "Structure and Conditions of the Share Offer" in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Public 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 Sponsor, 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 Sponsor, 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.jlogoholdings.com do not form part of this prospectus.

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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 section headed “Definitions” in this prospectus.

OVERVIEW

We are a food and beverage group that owns and operates award-winning restaurants in Singapore under different brands and own one of the largest artisanal bakery chains in Malaysia in terms of revenue and the number of bakery retail outlets in Malaysia in 2016 according to the Euromonitor Report. We operate our dining operations in Singapore under two self-owned brands and one franchised brand. Our “Central Hong Kong Café” brand primarily focuses on offering a casual and authentic Cha Chaan Teng experience in a full service environment while our “Black Society” brand offers Chinese cuisines with a contemporary twist in a full service environment. The franchised “Greyhound Café” brand provides stylish and trendy ambience which serves a specialised Thai menu with creative twists. Our artisanal bakery chain in Malaysia offers a wide selection of artisan breads, cakes and pastries under our “Bread Story” brand. As at the Latest Practicable Date, we had a total of eight restaurants in Singapore (of which six operated under our “Central Hong Kong Café” brand, one operated under our “Black Society” brand and one operated under the franchised “Greyhound Café” brand), and 20 bakery retail outlets in Malaysia (of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets) operating under our “Bread Story” brand. According to the Euromonitor Report, our Group’s dining operation in Singapore occupied approximately 0.9% market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016, and our Group’s artisanal bakery chain in Malaysia occupied approximately 1.2% market share and ranked fifth, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016. For further details on the Group’s competitive landscape, please refer to the section headed “Industry Overview” in this prospectus. During the Track Record Period, we primarily relied on opening new restaurants in Singapore and new bakery retail outlets in Malaysia to grow and capture market shares for our dining operations in Singapore and artisanal bakery chain in Malaysia, respectively.

Our first franchised “Greyhound Café” restaurant began operation in December 2016 through the Greyhound Franchise Agreement. Under the Greyhound Franchise Agreement, we are (i) required to open and operate at least four restaurants under the franchised “Greyhound Café” brand within five years from the date of the Greyhound Franchise Agreement and (ii) committed to an annual minimum sales target, in order to operate “Greyhound Café” restaurants exclusively in Singapore. For further details on the Greyhound Franchise Agreement, please refer to the section headed “Business — Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this prospectus.

SUMMARY

Between November 2003 and February 2015, our “Bread Story” brand was franchised to seven independent franchisees in other jurisdictions, including Indonesia, the Philippines, Kuwait, the United Arab Emirates, Saudi Arabia and Australia, through BSBJ. Our “Bread Story” brand overseas franchised bakery business were excluded from our Group during the Track Record Period. Upon the expiry of the respective franchise agreements, our “Bread Story” brand overseas franchise arrangements were ceased in February 2015. For details, please refer to the paragraph headed “History, Reorganisation and Corporate Structure — History and corporate development” in this prospectus.

The following table sets forth the breakdown of our revenue by segment and by brand during the Track Record Period:

	Year ended 31 December								
	2015			2016			2017		
			Number of restaurants/ bakery retail outlets ⁽²⁾			Number of restaurants/ bakery retail outlets ⁽²⁾			Number of restaurants/ bakery retail outlets ⁽²⁾
	Revenue	contribution		Revenue	contribution		Revenue	contribution	
	S\$'000	%		S\$'000	%		S\$'000	%	
Dining operations in Singapore									
Self-owned brand									
- Central Hong Kong Café	5,275	40.9	4	6,847	44.5	5	7,857	39.9	5
- Black Society	3,297	25.5	1	3,451	22.4	1	3,626	18.4	1
Franchised brand									
- Greyhound Café ⁽¹⁾	—	—	—	328	2.1	1	3,125	15.9	1
Sub-total	8,572	66.4	5	10,626	69.0	7	14,608	74.2	7
Artisanal bakery chain in Malaysia									
- Bread Story ⁽³⁾	4,334	33.6	19	4,774	31.0	20	5,080	25.8	21
Total	12,906	100	24	15,400	100	27	19,688	100	28

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016.
2. The number of restaurants or bakery retail outlets as at 31 December 2015, 2016 and 2017, respectively.
3. “Bread Story” is our self-owned brand. Under our “Bread Story” brand, we have self-operated bakery retail outlets operated by our Group and franchised bakery retail outlets operated by Bread Story Franchisees.

SUMMARY

The following table sets forth the breakdown of our gross profit and gross profit margin by segment and by brand during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	Gross		Gross		Gross	
	Gross profit	profit margin	Gross profit	profit margin	Gross profit	profit margin
	\$S'000	%	\$S'000	%	\$S'000	%
Dining operations in Singapore						
- Central Hong Kong Café	3,993	75.7	5,348	78.1	6,322	80.5
- Black Society	2,486	75.4	2,670	77.4	2,833	78.1
- Greyhound Café ⁽¹⁾	—	—	264	80.5	2,557	81.8
Sub-total	<u>6,479</u>	<u>75.6</u>	<u>8,282</u>	<u>77.9</u>	<u>11,712</u>	<u>80.2</u>
Artisanal bakery chain						
- Bread Story						
Self-operated bakery retail outlets	2,857	68.1	3,071	67.2	3,108	67.2
Bread Story Franchisees	<u>97</u>	<u>71.0</u>	<u>164</u>	<u>81.2</u>	<u>271</u>	<u>59.8</u>
Sub-total	<u>2,954</u>	<u>68.2</u>	<u>3,235</u>	<u>67.8</u>	<u>3,379</u>	<u>66.5</u>
Total	<u>9,433</u>	<u>73.1</u>	<u>11,517</u>	<u>74.8</u>	<u>15,091</u>	<u>76.7</u>

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016.

For detailed analysis of the revenue, gross profit and gross profit margin of our dining operations in Singapore and artisanal bakery chain in Malaysia, please refer to the paragraph headed “Financial Information — Principal consolidated statements of profit or loss components” in this prospectus. For detailed analysis of operational performance of our dining operations in Singapore and artisanal bakery chain in Malaysia, please refer to the paragraphs headed “Business—Operational performance of our dining operations in Singapore” and “Business—Operational performance of our artisanal bakery chain in Malaysia” in this prospectus.

SUMMARY

The following table sets forth the breakdown of our operating margin by segment and by brand during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
Dining operations in Singapore			
- Central Hong Kong Café	16%	21%	22%
- Black Society	8%	15%	12%
- Greyhound Café ⁽¹⁾	—	(52%)	13%
	<u>12%</u>	<u>17%</u>	<u>17%</u>
Artisanal bakery chain in Malaysia			
- Bread Story	<u>15%</u>	<u>13%</u>	<u>11%</u>
Total	<u><u>13%</u></u>	<u><u>16%</u></u>	<u><u>16%</u></u>

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016, thus recorded a negative operating margin of 52% for the year ended 31 December 2016.
2. Operating margin is calculated by dividing the operating profit for the year by revenue. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs and income tax credit/expenses.

Dining operations in Singapore

For the years ended 31 December 2015 and 2016, the operating margin for our dining operations in Singapore was approximately 12% and 17%, respectively. The increase in operating margin of our dining operations was primarily attributable to the increase in revenue from Central (RWS) which commenced operation in January 2016, charged higher menu price as compared to other “Central Hong Kong Café” restaurants as it is located at a popular tourist destination in Singapore. Central (RWS) also generated the highest operating margin amongst all the “Central Hong Kong Café” restaurants.

The operating margin for our dining operations in Singapore remained stable at approximately 17% for the year ended 31 December 2017.

Artisanal bakery chain in Malaysia

For the years ended 31 December 2015, 2016 and 2017, the operating margin for our artisanal bakery chain in Malaysia was approximately 15%, 13% and 11%, respectively. The slight decrease in operating margin of our artisanal bakery chain was primarily due to the increase in bakery ingredients cost as a result of the weakening of RM. The weakening of RM has led to import inflation, and hence increase in our bakery ingredients cost.

SUMMARY

As a result of the foregoing, our Group's operating margin increased from approximately 13% for the year ended 31 December 2015 to 16% for the year ended 31 December 2016 and remained stable at approximately 16% for the year ended 31 December 2017.

OUR CUSTOMERS AND SUPPLIERS

During the Track Record Period, our Group's customers were mainly retail customers for our dining operations in Singapore and artisanal bakery chain in Malaysia. During the Track Record Period, our suppliers mainly included food ingredient suppliers and beverage suppliers. We have also engaged, repair and maintenance service providers, cleaning companies and pest control companies on a regular basis. As at the Latest Practicable Date, we maintain a list of more than 50 suppliers for each of our Singapore dining operations and Malaysia artisanal bakery chain. During the Track Record Period, our five largest suppliers consisted of local suppliers in Singapore and Malaysia, which mainly supplied meat, vegetables, seafood, dried goods, seasoning and dairy products. For the years ended 31 December 2015, 2016 and 2017, the total purchases from our five largest suppliers in aggregate amounted to approximately 35.7%, 34.0% and 32.7%, respectively, and the purchases from our largest supplier amounted to approximately 12.2%, 11.6% and 10.0% respectively, of our total purchases. For the analysis of our cost of inventories and the sensitivity analysis illustrating the impact of hypothetical fluctuation in cost of inventories on our profit before tax and our profit for the year during the Track Record Period, please refer to the section headed "Financial Information — Factors affecting our financial results — Cost of inventories sold and consumed" in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe the following key strengths of our Company distinguish us from our competitors and position us for significant growth in the future:

- Strong brand recognition and reputation
- Innovative product offerings and distinctive themes
- Our restaurants and bakery retail outlets are strategically located in prime areas of Singapore and Malaysia, respectively
- Highly scalable and integrated platform that provides strong support for future expansion
- We have an experienced management team with diversified experience led by Ms. Low

SUMMARY

OUR STRATEGIES

We intend to implement the following business strategies to expand our market share in Singapore and Malaysia, and enhance our brand recognition, service and product quality:

- Continue to expand our dining operations in Singapore
- Continue to expand our artisanal bakery chain in Malaysia
- Continual enhancement and upgrade to our existing dining operations in Singapore and artisanal bakery chain in Malaysia
- Continue to strengthen our staff training

SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE

The following is a summary of our Group's key operational and financial results during the Track Record Period:

Highlights of consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December					
	2015		2016		2017	
	<i>equivalent to</i> S\$'000	<i>equivalent to</i> HK\$'000 (Note 2)	<i>equivalent to</i> S\$'000	<i>equivalent to</i> HK\$'000 (Note 2)	<i>equivalent to</i> S\$'000	<i>equivalent to</i> HK\$'000 (Note 2)
Revenue	12,906	74,855	15,400	89,320	19,688	114,190
Profit/(loss) before tax	939	5,446	1,644	9,535	(1,920)	(11,136)
Profit/(loss) for the year	737	4,275	1,368	7,934	(2,262)	(13,120)
Total comprehensive income/(loss) for the year	675	3,915	1,354	7,853	(2,248)	(13,038)
Non-IFRS measures						
Adjusted profit for the year (excluding listing expenses) (Note 1)	737	4,275	1,368	7,934	900	5,220

Note:

- (1) Adjusted profit for the year (excluding listing expenses) is calculated by net profit/(loss) for the year excluding the Listing expenses charged in the relevant year. The terms of adjusted profit for the year (excluding listing expenses) is not defined under IFRS. Please see section headed "Financial Information — Principal Consolidated Statements of Profit and Loss Components — Non-IFRS Measures" in this prospectus for details.
- (2) Translation of Singapore dollars into HK dollars at the rate of S\$1 = HK\$5.8.

Our adjusted profit decreased from approximately S\$1.4 million (equivalent to approximately HK\$7.9 million) for the year ended 31 December 2016 to approximately S\$0.9 million (equivalent to

SUMMARY

approximately HK\$5.2 million) for the year ended 31 December 2017. The decrease in the adjusted profit for the year ended 31 December 2017 was mainly attributable to (i) the increase in staff costs as a result of the increase in head counts at our head office; (ii) the increase in rental and related expenses as a result of the opening of two new restaurants, namely Central (WL) and Greyhound (PG) in the end of 2016; and (iii) the non-recurring unrealised exchange loss which arose from the receipt of pre-IPO proceeds in 2017.

Highlights of consolidated statements of financial position

	As at 31 December					
	2015		2016		2017	
	<i>S\$'000 equivalent to HK\$'000</i>		<i>S\$'000 equivalent to HK\$'000</i>		<i>S\$'000 equivalent to HK\$'000</i>	
	<i>(Note)</i>		<i>(Note)</i>		<i>(Note)</i>	
Total non-current assets	2,977	17,267	4,203	24,377	3,932	22,806
Total current assets	5,588	32,410	5,328	30,902	7,068	40,994
Total current liabilities	3,903	22,637	4,848	28,118	4,679	27,138
Total non-current liabilities	1,270	7,366	1,747	10,133	1,257	7,291
Net current assets	1,685	9,773	480	2,784	2,389	13,856
Total assets less current liabilities	4,662	27,040	4,683	27,161	6,321	36,662
Net assets	3,392	19,674	2,936	17,029	5,064	29,371

Note: Translation of Singapore dollars into HK dollars at the rate of S\$1 = HK\$5.8.

Highlights of consolidated statements of cash flows

	Year ended 31 December					
	2015		2016		2017	
	<i>S\$'000 equivalent to HK\$'000</i>		<i>S\$'000 equivalent to HK\$'000</i>		<i>S\$'000 equivalent to HK\$'000</i>	
	<i>(Note)</i>		<i>(Note)</i>		<i>(Note)</i>	
Operating cash flows before movements in working capital	1,680	9,744	2,640	15,312	(621)	(3,602)
Net cash generated from/(used in) operating activities	1,547	8,973	1,740	10,092	(2,665)	(15,457)
Net cash used in investing activities	(2,160)	(12,528)	(2,707)	(15,701)	(34)	(197)
Net cash generated from financing activities	378	2,192	1,180	6,844	5,174	30,009
Net (decrease)/increase in cash and cash equivalents	(235)	(1,363)	213	1,235	2,475	14,355

Note: Translation of Singapore dollars into HK dollars at the rate of S\$1 = HK\$5.8.

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Our Group recorded operating cash flows before movements in working capital of approximately S\$1.7 million (equivalent to approximately HK\$9.7 million) and S\$2.6 million (equivalent to approximately HK\$15.3 million) for the years ended 31 December 2015 and 2016, respectively, whereas negative net operating cash flows before movements in working capital of approximately S\$0.6 million (equivalent to approximately HK\$3.6 million) was recorded for the year ended 31 December 2017. The negative net operating cash flows before movements for the year ended 31 December 2017 was mainly attributable to the expense in relation to the Listing of approximately S\$3.2 million (equivalent to approximately HK\$18.5 million) which resulted in a loss of approximately S\$2.3 million (equivalent to approximately HK\$13.1 million) for the year ended 31 December 2017.

Summary of key financial ratios

The table below sets out certain financial ratios of our Group as at the dates indicated:

	As at/Year ended 31 December		
	2015	2016	2017
Current ratio ⁽¹⁾ (times)	1.4	1.1	1.5
Quick ratio ⁽²⁾ (times)	1.4	1.0	1.4
Gearing ratio ⁽³⁾ (%)	47.7	80.0	35.7
Return on total assets ⁽⁴⁾ (%)	8.6	14.4	(20.6)
Return on equity ⁽⁵⁾ (%)	21.7	46.6	(44.7)
Net profit margin ⁽⁶⁾ (%)	5.7	8.9	N/A ⁽⁷⁾
Net profit margin (excluding listing expenses) ⁽⁸⁾ (%)	5.7	8.9	4.6

Notes:

- Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
- Quick ratio is calculated based on the total current assets less inventories divided by the total current liabilities as at the respective period end.
- Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective period end and multiplied by 100%.
- Return on total assets is calculated by the net profit/(loss) for the period divided by the total assets as at the respective period end and multiplied by 100%.
- Return on equity is calculated by the net profit/(loss) for the period divided by the total equity as at the respective period end and multiplied by 100%.
- Net profit margin is calculated by the net profit for the period divided by the revenue for the respective period and multiplied by 100%.
- Net profit margin is not applicable for the year ended 31 December 2017 as net loss was recorded during such period.
- Net profit margin (excluding listing expenses) is calculated by the adjusted net profit/ (loss) (excluding listing expenses) divided by the revenue for the respective period and multiplied by 100%. The terms of net profit margin (excluding listing expenses) are not defined under IFRS. Please see section headed “Financial Information — Non-IFRS Measures” in this prospectus for details.

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Our net profit margin (excluding listing expenses) decreased from 8.9% for the year ended 31 December 2016 to 4.6% for the year ended 31 December 2017. The decrease in the net profit margin (excluding listing expenses) was mainly attributable to (i) the increase in staff costs as a result of the increase in head counts at our head office; (ii) the increase in rental and related expenses as a result of the opening of two new restaurants, namely Central (WL) and Greyhound (PG) in the end of 2016; and (iii) the non-recurring unrealised exchange loss arise from the receipt of pre-IPO proceeds in 2017. For details, please refer to the paragraphs headed “Business—Operational performance of our dining operations in Singapore” and “Financial Information—Key Financial Ratios” in this prospectus.

Comparable restaurant sales

Comparable restaurant sales for a given financial year/period refer to the revenue of all restaurants qualified as comparable restaurants during that year/period. We define comparable restaurants as restaurants that were operating throughout the year/period under comparison. The newly opened and closed restaurants are excluded under comparison. For example, the comparable restaurants for the years ended 31 December 2015, 2016 and 2017 are restaurants that were opened throughout the years ended 31 December 2015, 2016 and 2017. The comparable restaurants exclude (i) the newly opened restaurants which were not operating throughout the full period of each of the financial year/period; (ii) the restaurants which had ceased operation in a period of time due to relocation; and (iii) the restaurants which had ceased operation during the financial year. The table below sets out the financial information of our comparable restaurants by brands during the Track Record Period:

	For the year ended 31 December		
	2015	2016	2017
Number of comparable restaurants			
“Black Society” restaurant	1	1	1
“Central Hong Kong Café” restaurants	3	3	3
Total number of comparable restaurants	<u>4⁽¹⁾</u>	<u>4⁽¹⁾</u>	<u>4⁽¹⁾</u>
Daily average number of customer visits per comparable restaurant^{(2), (8)}			
“Black Society” restaurant	255	257	250
“Central Hong Kong Café” restaurant	<u>363</u>	<u>374</u>	<u>318</u>
Overall daily average number of customer visits per comparable restaurant	<u>336</u>	<u>345</u>	<u>301</u>

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	For the year ended 31 December		
	2015	2016	2017
Seat turnover rate of comparable restaurants^{(3), (8)}			
“Black Society” restaurant	1.1 times	1.1 times	1.1 times
“Central Hong Kong Café” restaurant	<u>4.1 times</u>	<u>4.1 times</u>	<u>3.5 times</u>
Overall average seat turnover rate of comparable restaurants	<u>3.4 times</u>	<u>3.3 times</u>	<u>2.9 times</u>
	S\$	S\$	S\$
Average spending per customer per meal per comparable restaurant^{(4), (8)}			
“Black Society” restaurant	35.7	36.8	40.0
“Central Hong Kong Café” restaurant	<u>10.4</u>	<u>10.3</u>	<u>11.8</u>
Overall average spending per customer per meal per comparable restaurant	<u>15.2</u>	<u>15.3</u>	<u>17.6</u>
	S\$'000	S\$'000	S\$'000
Comparable restaurant sales			
“Black Society” restaurant	3,297	3,451	3,626
“Central Hong Kong Café” restaurants	<u>4,128</u>	<u>4,220</u>	<u>4,365</u>
Total comparable restaurant sales	<u>7,425</u>	<u>7,671</u>	<u>7,991</u>
	S\$'000	S\$'000	S\$'000
Daily average revenue per comparable restaurant⁽⁵⁾			
“Black Society” restaurant	9.1	9.5	10.0
“Central Hong Kong Café” restaurants	<u>3.8</u>	<u>3.9</u>	<u>4.0</u>
Overall daily average revenue per comparable restaurant	<u>5.1</u>	<u>5.3</u>	<u>5.5</u>
Operating margin of comparable restaurant⁽⁶⁾			
“Black Society” restaurant	8%	15%	12%
“Central Hong Kong Café” restaurants	<u>14%</u>	<u>15%</u>	<u>19%</u>
Overall operating margin of comparable restaurants	<u>11%</u>	<u>16%</u>	<u>16%</u>

Notes:

- (1) Comparable restaurants for the years ended 31 December 2015, 2016 and 2017, include Black Society (VC), Central (JP), Central (SV) and Central (VC).

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- (2) Daily average number of customer visits is calculated by dividing the total number of customer visits by the number of operation days of the relevant comparable restaurant during that year.
- (3) Seat turnover rate is calculated by dividing the number of customer visits by the number of seats and the number of operation days of the relevant comparable restaurant during the year.
- (4) Average spending per customer per meal is calculated by dividing the total revenue by the number of customer visits of the relevant comparable restaurant during the year.
- (5) Daily average revenue is calculated by dividing the total revenue by the number of operation days of the relevant comparable restaurant during that year.
- (6) Operating margin is calculated by dividing the operating profit for the year by revenue of the relevant comparable restaurant. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs, and income tax credit/expense.
- (7) The financial information of the comparable restaurants is based on the unaudited management accounts of our subsidiaries for each of the financial years under comparison.
- (8) Since May 2017, our Company has promoted food delivery services for events/functions for our dining operations in Singapore. Revenue from food delivery services for events/functions contributed to approximately S\$0.3 million, or 1.7% of our Group's total revenue for the year ended 31 December 2017. In order to provide more meaningful analysis, we have excluded the revenue and number of customer visits from food delivery services for events/functions when calculating the daily average number of customer visits per comparable restaurant, the average spending per customer per meal per comparable restaurant and the seat turnover rate of comparable restaurants.

The overall average daily revenue per comparable restaurant increased by approximately S\$200 or 3.9% from approximately S\$5,100 for the year ended 31 December 2015 to S\$5,300 for the year ended 31 December 2016. The increase was primarily due to an increase in the total comparable restaurant sales by approximately S\$0.3 million from approximately S\$7.4 million for the year ended 31 December 2015 to S\$7.7 million for the year ended 31 December 2016, mainly attributable to the increase in overall daily average number of customer visits per comparable restaurant from 336 to 345, together with the effect of the increase in overall average spending per customer per meal of comparable restaurant from S\$15.2 for the year ended 31 December 2015 to S\$15.3 for the year ended 31 December 2016 as a result of the upgrade of festive season menu of “Black Society” restaurant in 2016. Our Group's operating margin of comparable restaurants increased from 11% for the year ended 31 December 2015 to 16% for the year ended 31 December 2016. The increase in overall operating margin of comparable restaurants was mainly due to the increase in total comparable restaurant sales with the effect of the decrease in cost of inventories sold and consumed, utility expenses and staff costs as a result of cost control measures implemented by the management in 2016, including (i) stock-piling strategies by bulk purchasing certain food ingredients to be used during the festive season of Chinese New Year; (ii) implementation of energy-saving measures; and (iii) constantly monitor the performance of our restaurants as well as staff productivity in order to allocate manpower more efficiently across our dining operations in Singapore. For instance, certain food ingredients costs such as dried seafood would increase during the festive season due to higher market demand. Our Group would bulk purchase these food ingredients with longer shelf life in advance to avoid price-hiking during the festive season, thus allowed us to control our food ingredient costs. In addition, we

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gradually replaced our kitchen equipment with energy-efficient equipment across our restaurants in Singapore, thus achieved energy saving and reduced utility expenses. We transferred our floor staff across our dining operations in Singapore based on the seat turnover rate of each restaurant, hence helped reduce the average number of staff as well as staff costs.

The overall average daily revenue per comparable restaurant increased slightly by approximately S\$200 or 3.7% from approximately S\$5,300 for the year ended 31 December 2016 to S\$5,500 for the year ended 31 December 2017. The increase was mainly attributable to the increase in total comparable restaurant sales by approximately S\$0.3 million from approximately S\$7.7 million for the year ended 31 December 2016 to S\$8.0 million for the year ended 31 December 2017, mainly attributable to the increase in the overall average spending per customer per meal of comparable restaurants from S\$15.3 for the year ended 31 December 2016 to S\$17.6 for the year ended 31 December 2017 as a result of (i) the upgrade of festive season menu of “Black Society” restaurant in 2017 and (ii) the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016. Our Directors consider that the decrease in the daily average number of customer visits per comparable restaurant from approximately 345 for the year ended 31 December 2016 to 301 for the year ended 31 December 2017 was not due to cannibalisation, given that (i) our “Central Hong Kong Café” restaurants opened in 2016, namely Central (RWS) and Central (WL) are located at Resorts World Sentosa and Wheelock Place, respectively, districts previously without presence of our “Central Hong Kong Café” restaurants; and (ii) the first franchised “Greyhound Café” restaurant opened in December 2016 offering Thai cuisine which differentiated from the menu offered by our “Black Society” and “Central Hong Kong Café” brands. Our Group’s operating margin of comparable restaurants remain stable at 16% for the years ended 31 December 2016 and 2017. It was mainly attributable to the continuous cost control measures implemented by the management in 2016, including (i) stock piling strategies by bulk purchasing certain food ingredients to be used during festive season of Chinese New Year; (ii) implementation of energy-saving measures; and (iii) constantly monitor the performance of our restaurants as well as staff productivity in order to allocate manpower more efficiently across our dining operations in Singapore. For the detailed analysis of operational performance of our Singapore dining operations, please refer to the section headed “Business — Operational performance of our dining operations in Singapore” in this prospectus.

EMPLOYEES

For the years ended 31 December 2015, 2016 and 2017, our staff costs (including director’s and chief executive’s remuneration) amounted to approximately S\$3.5 million, S\$3.9 million and S\$5.9 million, respectively, representing approximately 27.0%, 25.4% and 29.9% of our revenue for the respective periods. A sensitivity analysis of the hypothetical fluctuation of staff costs is set out in the section headed “Financial Information — Factors affecting our financial results — Employee benefits expense” in this prospectus.

The employment of foreign workers for our Singapore dining operations is limited by, among others, a quota (or dependency ratio ceiling) and subject to the payment of the applicable levies set by the MOM. For the services industry, employers 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. As at the Latest Practicable Date, our Group’s dining operations in Singapore had a total of 163 employees, of which 98 were local employees and 65 were

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foreign employees. Based on the quota (or dependency ratio ceiling) provided by the MOM, we have the capacity to employ two additional foreign employees under Bosses Co. but do not have any further capacity to employ any more foreign employees under J W Central and JC Dining as at the Latest Practicable Date, respectively, based on the number of our current local employees employed under each company. For details, please refer to the paragraph headed “Business — Employees” in this prospectus.

Please see the section headed “Regulatory overview — Singapore Laws and Regulations” in this prospectus for the entirety of the advice provided by the Singapore Legal Advisers in relation to the employment of foreign workers for our Singapore dining operations.

OUR PROPERTY INTERESTS

For the years ended 31 December 2015, 2016 and 2017, our rentals and related expenses amount to S\$3.1 million, S\$3.6 million and S\$4.3 million, respectively, representing approximately 23.7%, 23.3% and 21.7% of our revenue of the same period, respectively.

The properties leased by our Group, including the restaurants, bakery retail outlets, two premises for use as our office in Singapore and two premises for use as our Central Bakery, office and storage in Malaysia will expire between 27 May 2018 and 27 December 2021.

RISK FACTORS

Potential investors are advised to carefully read the section headed “Risk Factors” in this prospectus before making any investment decision in the Share Offer. Some of the more particular risk factors include:

- Our success substantially depends on the market recognition of our brands and any negative publicity, negative reviews or damage to our brands could materially and adversely impact our business and results of operations
- Our Group’s profitability may be adversely affected by the failure to find commercially attractive locations, increase in rental expenses and/or failure to renew existing leases of the leased properties on terms acceptable to us
- We rely on our Central Bakery to supply certain bakery ingredients and bakery products to our self-operated bakery retail outlets and our franchised bakery retail outlets, any disruptions on its operations will have an adverse impact on our bakery retail outlet operations
- The future growth of our Group relies on our ability to open and profitably operate new restaurants and bakery retail outlets, and our Group’s new restaurants and bakery retail outlets may not operate as successfully as our Group anticipates

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- Incidents of food poisoning, allergic reactions caused by certain ingredients, customer complaints and any other negative publicity associated with our restaurants and/or bakery retail outlets, or on food safety in general could adversely affect our reputation and our business

NON-COMPLIANCE MATTERS

During the Track Record Period and up to the Latest Practicable Date, we had the following non-compliance incidents: (i) one of our restaurants received a letter from the NEA which claimed that the raw salmon served in the restaurant was contaminated with *Bacillus Cereus*; (ii) failure to apply for an appropriate class of liquor licence for one of our restaurants; (iii) failure to apply for a liquor licence for one of our restaurants for a specific period; (iv) one of our restaurants received a letter from the NEA which claimed that an employee had handled food with bare hands; and (v) operation of nine of our self-operated bakery retail outlets without the valid business licence for a specific period. Save as the abovementioned non-compliance incidents, we had been in compliance in all material aspects with the applicable laws and regulations in Singapore and Malaysia during the Track Record Period and up to the Latest Practicable Date. For details of our non-compliance incidents, please refer to the section headed “Business — Legal proceedings and compliance — Non-compliance matters” in this prospectus.

SHAREHOLDER INFORMATION

Immediately following the completion of the Share Offer (but excluding any options which may be granted under the Share Option Scheme), Ms. Low will be interested in approximately 56.4% of the issued share capital of our Company and hence will continue to be the controlling shareholder of our Group. Ms. Low is our founder, the chairlady of our Board, the chief executive officer of our Group, and an executive Director. Please refer to the section headed “History, Reorganisation and Corporate Structure” in this prospectus for further details. Our Controlling Shareholder has confirmed that she does not have any interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 11.04 of the GEM Listing Rules.

On 28 March 2017, JLogo BVI entered into the Pre-IPO Subscription Agreement with our pre-IPO investor, Zhengqi Capital, pursuant to which Zhengqi Capital agreed to subscribe for a total of 2,400 new ordinary shares in JLogo BVI, representing 24% of the issued share as enlarged by such subscription, for the Subscription Price of HK\$32,700,000. Immediately following the completion of the Share Offer (but excluding any options which may be granted under the Share Option Scheme), Zhengqi Capital will be interested in approximately 18.6% of the issued share capital of our Company. Further information on the pre-IPO investment is set out in the section headed “History, Reorganisation and Corporate Structure” in this prospectus.

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SHARE OFFER STATISTICS

	Based on the Offer Price of HK\$0.50 per Share Offer	Based on the Offer Price of HK\$0.60 per Share Offer
Market capitalisation of the Shares	HK\$250,000,000	HK\$300,000,000
Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share	HK\$0.140	HK\$0.164

Notes:

- (1) The calculation of the market capitalisation of the Shares is based on 500,000,000 Shares in issue immediately after completion of the Share Offer.
- (2) The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company per Share is calculated based on 500,000,000 Shares in issue immediately following completion of the Share Offer.

LISTING EXPENSES

Assuming the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total amount of expenses in relation to the Listing are estimated to be approximately HK\$32.6 million including the underwriting commission of approximately HK\$1.7 million and other listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$30.9 million. The Selling Shareholder shall bear the underwriting commission in the amount of approximately HK\$0.2 million which represents the underwriting commission attributable to the sale of Sale Shares in the Placing. The remaining listing expenses, fees and underwriting commission of approximately HK\$32.4 million shall be borne by our Company, of which approximately HK\$18.5 million has been recorded in our Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Our Group expects to further recognise approximately HK\$6.5 million for the year ending 31 December 2018, and approximately HK\$7.4 million of its estimated listing expenses is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard after Listing.

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USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer received by our Group, based on the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.5 to HK\$0.6 per Offer Share, after deducting the related expenses borne by our Group of approximately HK\$32.4 million, are estimated to be approximately HK\$29.5 million. We intend to apply such net proceeds as follows:

	From the Latest Practicable Date to 30 June 2018	For the six months ending 31 December 2018	For the six months ending 30 June 2019	Total	Approximate % of net proceeds
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>	
Continue to expand our dining operations in Singapore	8.2	10.2	4.1	22.5	76.3
Setting up new head office and enhance our workforce	2.0	1.0	0.9	3.9	13.2
Further enhance our brand recognition in Singapore and Malaysia	0.1	0.1	0.1	0.3	1.0
Upgrade our information technology systems	0.3	—	—	0.3	1.0
General working capital	0.8	0.9	0.8	2.5	8.5
Total	11.4	12.2	5.9	29.5	100

Reasons for the Listing

We believe that the Listing and net proceeds from the Share Offer will enhance our capital base and facilitate the implementation of our business strategies. Our key reasons for Listing includes (i) to raise funds, through the Listing, in order to strengthen our market position in the consumer foodservice industry in Singapore and artisanal bakery industry in Malaysia; (ii) obtaining a public listing status to enhance our corporate profit for both the general public and potential investors, and further improve awareness of our brands, market reputation and credibility to both the public and prospective business partners; (iii) a fund-raising platform for our Company allowing us to raise capital for our future growth and expansion without reliance on our Controlling Shareholder; and (iv) a public listing status on GEM will not only offer our Company a broad shareholder base but also further enhance our internal control and corporate governance practice. For further details on our Group's reasons for the Listing, please refer to the section "Future plans and use of proceeds — Reasons for the Listing" in this prospectus.

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DIVIDENDS

During the years ended 31 December 2015, 2016 and 2017, subsidiaries of our Company declared dividends of nil, approximately S\$2.3 million and S\$1.5 million, respectively to Ms. Low. The dividends payables have been fully settled against the amount due from a director of the Company.

In future, declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval, but no dividend shall be declared in excess of the amount recommended by the Board. 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 results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the 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 the Board or at all. The 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 the Company in the future.

As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

RECENT DEVELOPMENT

Subsequent to the Track Record Period, we continue to explore different methods to expand our dining operations and artisanal bakery chain in Singapore and Malaysia, respectively. Since 1 January 2018 and up to the Latest Practicable Date, we had not entered into any new franchise agreement. For details of the existing franchise agreement entered into by our Group, please refer to the sections headed "Business — Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement" and "Business — Artisanal bakery chain in Malaysia — Bread Story Franchise Agreement" in this prospectus.

In January 2018, our new "Central Hong Kong Cafe" restaurant, Central (NP), located in Northpoint City, Singapore has commenced operations. For further details of the property leased and occupied by our Group in Singapore and Malaysia, please refer to the section headed "Business — Our property interests — Leased properties".

In March 2018, one of our franchised bakery retail outlet, namely Bread Story (HT), located in Kuala Lumpur, Malaysia ceased its operations in its original location.

We have entered into a tenancy agreement dated 5 April 2018 for the operation of our self-operated bakery retail outlet under our "Bread Story" brand within a shopping mall in Kuala Lumpur, Malaysia. The new bakery retail outlet, namely Bread Story (PP), has commenced operations on 13 April 2018 and has been financed by our internal resources. The relevant business licenses for Bread Story (PP) was obtained with a commencement date of 12 April 2018 and an expiry date of 11 April 2019.

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Our Group's financial results for the year ending 31 December 2018 will be negatively impacted by (i) the non-recurring Listing expenses recognised; and (ii) the increase in staff costs and rental and related expenses as a result of the expansion of our dining operations in Singapore and artisanal bakery chain in Malaysia, and a net loss will be recorded for the year ending 31 December 2018. Our Group will also record a net loss and a net operating cash outflow for the year ending 31 December 2018. For further details regarding our Listing expenses, please refer to the section headed "Financial Information — Listing expenses" in this prospectus.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this prospectus, save for (i) the listing expenses to be incurred for the respective periods and (ii) the increase in staff costs and rental and related expenses as a result of the expansion of our operations, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2017, being the date of our latest audited financial information, and there had been no event since 31 December 2017 of which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this prospectus.

“Accountants’ Report”	the accountants’ report on our Group set out in Appendix I to this prospectus
“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
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 4 April 2018 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
“Black Society”	our brand of restaurant owned and operated in Singapore by Bosses Co. which was previously named as “Bosses” when Black Society (VC) first opened in 2006. Black Society (VC) was renamed as “Black Society” in 2014
“Black Society Cafe”	a sub-brand to our “Black Society” brand
“Black Society (VC)”	a restaurant operated by our Group under our “Black Society” brand located in VivoCity, Singapore
“Borneo Malaysia”	eastern part of Malaysia, consists of the Malaysian states of Sabah, Sarawak and the Federal Territory of Labuan
“Board” or “Board of Directors”	the board of Directors
“Bosses Co.”	Bosses Restaurant Pte. Ltd., a company incorporated in Singapore with limited liability on 26 June 2006, which is a wholly-owned subsidiary of our Company
“Bread Story”	our brand of artisanal bakery chain owned and operated throughout Malaysia by Bread Story Co., the details of which are set out in the section headed “Business” in this prospectus
“Bread Story (1U)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in 1 Utama Shopping Centre, Selangor

DEFINITIONS

“Bread Story Co.”	Bread Story Sdn. Bhd., a company incorporated in Malaysia with limited liability on 24 May 2002, which is a wholly-owned subsidiary of our Company or the Bread Story artisanal bakery chain as the context otherwise requires
“Bread Story Concept”	Bread Story Concept Sdn. Bhd, a company incorporated in Malaysia with limited liability on 30 July 2013, was dissolved on 22 January 2018. Immediately before its dissolution, Ms. Low and Mr. Sean Low were the directors of Bread Story Concept
“Bread Story Franchise Agreement(s)”	franchise agreement(s) entered into by and among Bread Story Co. as franchisor and five other Independent Third Party(ies) as franchisee(s) in relation to the right to use certain proprietary information in the operation of franchises under our self-owned “Bread Story” brand in Malaysia for an initial terms of five years
“Bread Story Franchisee(s)”	franchisee(s) of our Bread Story Franchise Agreement and Independent Third Party(ies)
“Bread Story (EC)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Empire City Damansara, Selangor
“Bread Story (FM)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Festival Mall, Kuala Lumpur, which ceased operation in March 2015
“Bread Story (GM)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in the Gardens Mall, Mid Valley City, Kuala Lumpur
“Bread Story (HT)”	a franchised bakery retail outlet operated under our “Bread Story” brand located in Hartamas Shopping Centre, Kuala Lumpur, which ceased operation in March 2018
“Bread Story (IJN)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Institut Jantung Negara, Kuala Lumpur
“Bread Story (IOI)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in IOI Mall, Selangor
“Bread Story (IPC1)”	a self-operated bakery retail outlet operated by our Group under “Bread Story” brand located in IPC Shopping Centre, Selangor which ceased operation in January 2017

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“Bread Story (IPC)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in IPC Shopping Centre, Selangor, under our “Bread Story” brand which started operation in October 2017
“Bread Story (KLIA)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Kuala Lumpur International Airport, Kuala Lumpur, which closed in June 2016
“Bread Story (LM)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Cheras Leisure Mall, Kuala Lumpur
“Bread Story (LP)”	a franchised bakery retail outlet operated under our “Bread Story” brand located in Langkawi Parade, Langkawi
“Bread Story (LJP)”	a franchised bakery retail outlet operated under our “Bread Story” brand located in Jetty Point Langkawi, Langkawi
“Bread Story (MT)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in MyTown Shopping Centre, Kuala Lumpur
“Bread Story (OUG)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Parkson OUG Plaza, Kuala Lumpur
“Bread Story (PC)”	a franchised bakery retail outlet operated under our “Bread Story” brand located in Pantai Cenang, Langkawi
“Bread Story (PP)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Pearl Point Shopping Mall, Kuala Lumpur
“Bread Story (PSA)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Plaza Shah Alam, Selangor
“Bread Story (SBP)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Subang Parade, Selangor
“Bread Story (SC)”	a franchised bakery retail outlet operated under our “Bread Story” brand located in Segi University, Selangor
“Bread Story (SP)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Sunway Putra Mall, Kuala Lumpur

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“Bread Story (SS)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in KL Sentral Station, Kuala Lumpur, which closed in April 2017
“Bread Story (SV)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Sunway Velocity Mall, Kuala Lumpur
“Bread Story (SWP)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Sungei Wang Plaza, Kuala Lumpur
“Bread Story (SWPY)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in Sunway Pyramid Shopping Mall, Selangor
“Bread Story (TM1)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in The Mines, Selangor, which closed in July 2015
“Bread Story (TM)”	a self-operated bakery retail outlet operated by our Group under our “Bread Story” brand located in The Mines, Selangor
“BSBJ”	Bread Story by Jun Pte. Ltd., a company incorporated in Singapore with limited liability on 12 August 2003, was voluntarily struck off on 4 July 2017. Immediately before its striking off, BSBJ was owned by Ms. Low and Mr. Sean Low
“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
“CAGR”	compound annual growth rate
“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
“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 individuals or a corporation

DEFINITIONS

“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
“Central (JP)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in Jurong Point Shopping Centre, Singapore
“Central (NP)”	a restaurant operated by our Group under “Central Hong Kong Café” brand located in Northpoint City, Singapore
“Central (OC)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in Orchard Central Singapore which closed in January 2016
“Central (RWS)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in Resorts World Sentosa, Singapore
“Central (SV)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in the Star Vista, Singapore
“Central (VC)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in VivoCity, Singapore
“Central (WL)”	a restaurant operated by our Group under our “Central Hong Kong Café” brand located in Wheelock Place, Singapore
“Central Bakery”	the central kitchen of Bread Story Co. which produces finished products and certain food ingredients of Bread Story Co. located at the Resource Industrial Centre, Old Klang Road, 58100 Kuala Lumpur
“Central Co.”	Central Restaurant Pte. Ltd., a company incorporated in Singapore with limited liability on 14 July 2004, was voluntarily struck off on 4 July 2017. Immediately before its striking off, Central Co. was wholly-owned by Ms. Low
“Central Hong Kong Café”	our brand of restaurants owned and operated throughout Singapore by J W Central which include, Central (WL), Central (VC), Central (RWS), Central (JP), Central (SV) and Central (NP)
“close associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules

DEFINITIONS

“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
“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
“Company”, “our Company”, “we”, “us” or “our”	JLogo Holdings Limited (聚利寶控股有限公司) (formerly known as JC Concepts Holdings Limited (聚晨概念控股有限公司)), a company incorporated on 22 May 2017 under the laws of the Cayman Islands as an exempted company with limited liability, and, except where the context otherwise requires, all of its subsidiaries or where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries were engaged in and which was subsequently assumed by it
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the GEM Listing Rules, and for the purpose of this prospectus, refers to Ms. Low
“core connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules
“CPF”	the Central Provident Fund of Singapore
“Deed of Indemnity”	a deed of indemnity dated 4 April 2018 entered into by our Controlling Shareholder in favour of our Company (for itself and as trustee for and on behalf of each of its subsidiaries), particulars of which are set out in “G. Other Information — 10. Taxation of holders of our Shares — (e) Indemnity” in Appendix IV to this prospectus
“Deed of Non-competition”	a deed of non-competition undertaking dated 4 April 2018 entered into by our Controlling Shareholder in favour of our Company (for itself and as trustee for and on behalf of each of its subsidiaries), particulars of which are set out in “Relationship with Controlling Shareholder — Deed of non-competition” to this prospectus

DEFINITIONS

“Director(s)”	the director(s) of our Company
“electronic application instruction(s)”	Instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Public Offer Shares
“EMA”	the Energy Market Authority, a statutory board under the Ministry of Trade and Industry
“EPF”	the Employees Provident Fund of Malaysia
“Euromonitor”	Euromonitor International Limited, an industry research consultant and an Independent Third Party
“Euromonitor Report”	the industry report issued by Euromonitor, details of which are set out in the section headed “Industry Overview” in this prospectus
“GAAP”	generally accepted accounting principles
“GEM”	GEM operated by 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
“ GREEN Application Form(s)”	the form(s) of application to be completed by the HK eIPO White Form Service Provider
“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
“Greyhound Café”	the franchised brand of restaurant under the Greyhound Franchise Agreement operated in Singapore by JC Dining
“Greyhound Café Co.”	Greyhound Café Co. Ltd., a company incorporated in Thailand which is wholly owned by Sub Sri Thai Public Company Limited, a company listed on the Stock Exchange of Thailand and an Independent Third Party, which is our franchisor of the Greyhound Franchise Agreement
“Greyhound Franchise Agreement”	the agreement dated 15 November 2016 and entered into by and among JC Dining as franchisee and Greyhound Café Co. as franchisor in relation to the right to use certain proprietary information in the operation of a franchise under our “Greyhound Café” brand in Singapore

DEFINITIONS

“Greyhound (PG)”	a restaurant operated by our Group under the franchised “Greyhound Café” brand located in Paragon, Singapore
“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
“HK eIPO White Form”	the application for Public Offer Shares to be issued in applicant’s own name by submitting applications online through the designated website of HK eIPO White Form
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by the Company, as specified on the designated website of HK eIPO White Form at www.hkeipo.hk Service Provider at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“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”	Tricor Investor Services Limited, the branch share registrar of our Company in Hong Kong
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected person(s) of our Company
“Issuing Mandate”	the general unconditional mandate given to our Board by our Shareholders relating to the issue of Shares, as further described under the section headed “Statutory and General Information — A. Further information about our Company — 5. Resolutions in writing of our Shareholders passed on 4 April 2018” in Appendix IV to this prospectus

DEFINITIONS

“JC Dining”	JC Dining Pte. Ltd. (formerly known as, among others, Greyhound Singapore Pte. Ltd.), a company incorporated in Singapore with limited liability on 16 May 2016, which is a wholly-owned subsidiary of our Company
“JC Global”	JC Global Concepts Pte. Ltd., a company incorporated in Singapore with limited liability on 13 January 2006, which is a wholly-owned subsidiary of our Company
“JLogo BVI”	JLogo Limited, a company incorporated in the BVI with limited liability on 7 March 2017, which is a wholly-owned subsidiary of our Company
“Joint Bookrunners” and “Joint Lead Managers”	Frontpage Capital Limited and Topper Dragon Securities Limited, being the joint bookrunners and the joint lead managers to the Share Offer
“J W Central”	J W Central Pte. Ltd., a company incorporated in Singapore with limited liability on 23 July 2007, which is a wholly-owned subsidiary of our Company
“Kuala Lumpur” or “KL”	the Federal Territory of Kuala Lumpur, the national capital of Malaysia
“Langkawi”	Langkawi Permata Kedah, islands in Andaman Sea off the mainland coast of northwestern Malaysia, also known as “the Jewel of Kedah”
“Latest Practicable Date”	10 April 2018, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained herein
“Listing”	the listing of the Shares on GEM
“Listing Date”	the date on which dealings in the Shares on GEM first commence, which is expected to be on or about Wednesday, 9 May 2018
“Listing Division”	the listing division of the Stock Exchange
“Malaysia”	the Federation of Malaysia
“Malaysia Legal Advisers”	David Lai & Tan with registered address at Level 8-3 & 9-4, Wisma Miramas, No. 1 Jalan 2/109E, Taman Desa, Jalan Klang Lama, 58100 Kuala Lumpur, the legal advisers to our Company as to the laws of Malaysia
“Malaysia Stock Exchange”	Bursa Malaysia Securities Berhad

DEFINITIONS

“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company conditionally adopted on 4 April 2018 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. Cai”	Mr. CAI Da (蔡達), our non-executive Director and our Substantial Shareholder
“Mr. Chiu”	Mr. CHIU Ka Wai (趙家偉), our executive Director and executive chef of our Singapore dining operations
“Mr. Sean Low”	Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄), our executive Director, brother of Ms. Low
“Mr. Viscuso”	Mr. VISCUSO Sergio, a member of our senior management, executive chef of our Malaysia artisanal bakery chain
“Ms. Low”	Ms. LOW Yeun Ching @Kelly Tan (劉婉貞), our executive Director and our Controlling Shareholder, sister of Mr. Sean Low
“NEA”	the National Environment Agency of Singapore
“New Shares”	the new Shares being offered by our Company for subscription at the Offer Price under the Share Offer
“Offer Price”	the final offer price per Offer Share (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) which will not be more than HK\$0.6 per Offer Share and is expected to be not less than HK\$0.5 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)”	collectively, the Placing Share(s) and the Public Offer Share(s)
“Peninsular Malaysia”	western part of Malaysia which lies on the Malay Peninsular and surrounding islands
“Placing”	the conditional placing of the Placing Shares by the 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

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“Placing Share(s)”	the 100,000,000 New Shares and the 12,500,000 Sale Shares being offered for subscription and purchase under the Placing (subject to the terms and conditions as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus)
“Placing Underwriters”	the underwriters of the Placing, who will enter into the Placing Underwriter Agreement to underwrite the Placing
“Placing Underwriting Agreement”	the conditional underwriting and placing agreement to be dated on or around 26 April 2018 relating to the Placing entered into between, amongst others, our Company and the Placing Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“PRC”	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
“Pre-IPO Subscription Agreement”	the subscription agreement dated 28 March 2017 entered into between JLogo BVI and Zhengqi Capital in relation to the subscription of shares in JLogo BVI
“Price Determination Agreement”	the agreement to be entered into between the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to fix and record the Offer Price
“Price Determination Date”	the date, expected to be on or about Thursday, 26 April 2018, on which the Offer Price is fixed by our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters)
“prospectus”	this prospectus being issued in connection with the Share Offer
“Public Offer”	the offer of the Public Offer Shares for subscription by the public in Hong Kong for cash 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
“Public Offer Shares”	the 12,500,000 New Shares initially being offered by our Company for subscription pursuant to the Public Offer at the Offer Price (subject to re-allocation as described in “Structure and Conditions of the Shares Offer” in this prospectus)

DEFINITIONS

“Public Offer Underwriters”	the underwriters for the Public Offer as listed in the paragraph headed “Underwriting — Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 19 April 2018 relating to the Public Offer entered into between our Company, our Controlling Shareholder, our executive Directors, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, as further described in the section headed “Underwriting” in this prospectus
“Reorganisation”	the corporate reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in “History, Reorganisation and Corporate Structure” in this prospectus
“Reporting Accountants”	Ernst & Young, the reporting accountants of our Group
“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, as further described in “Statutory and General Information — A. Further information about our Company — 5. Resolutions in writing of our Shareholders passed on 4 April 2018” in Appendix IV to this prospectus
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	12,500,000 Shares being offered by the Selling Shareholder for sale at the Offer Price under the Placing
“SCDF”	Singapore Civil Defence Force
“Selangor”	one of the states of Malaysia
“Selling Shareholder”	Ms. Low, our Controlling Shareholder who offers the Sale Shares for sale under the Placing, the particulars of whom are set out in the section headed “— G. Other information — 8. Particulars of the Selling Shareholder” in Appendix IV to this prospectus
“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 or otherwise modified from time to time

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Offer”	collectively, the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 4 April 2018, the principal terms of which are summarised in “F. Share Option Scheme” in Appendix IV to this prospectus
“Singapore”	the Republic of Singapore
“Singapore Legal Advisers”	JLC Advisors LLP with registered office address at 80 Raffles Place, #43-03 UOB Plaza I, Singapore 048624, the legal advisers to our Company as to the laws of Singapore
“Singapore Stock Exchange”	Singapore Exchange Limited
“Sponsor”	Messis Capital Limited, a corporation licensed by the SFC to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the sponsor to the Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$32,700,000 for subscribing the shares in JLogo BVI under the Subscription Agreement
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules and details of our Substantial Shareholders are set out in the section headed “Substantial Shareholders” in this prospectus
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three financial years ended 31 December 2017
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters details of which are set out in the section headed “Underwriting” in this prospectus

DEFINITIONS

“Underwriting Agreements”	collectively the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.”	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\$”	United States dollar, the lawful currency of the U.S.
“ 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
“ 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
“Yu Cuisine”	Yu Cuisine Pte. Ltd., a company incorporated in Singapore with limited liability on 20 August 2010, was voluntarily struck off on 6 November 2017. Immediately before its striking off, Yu Cuisine was wholly-owned by Ms. Low
“Zhengqi Capital”	Zhengqi Capital Holdings Limited (正奇資本控股有限公司), a company incorporated in the BVI with limited liability on 2 January 2014, which is the pre-IPO investor of the Group Zhengqi Capital is wholly-owned by Mr. Cai
“%”	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\$5.8
RM1 : HK\$1.9*

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.

In this prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, “substantial shareholder” and “significant shareholder” shall have the meanings given to such terms in the GEM Listing Rules, unless the context otherwise requires.

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

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”	bakery retail outlets that specialise in the sale of bread, pastries and cakes that typically made in traditional or non-mechanised way
“Asian FSRs”	Asia full-service restaurants, restaurants with primary positioning / offering in Asian cuisines including Chinese, Cantonese, Hong Kong, Japanese, Korean, Thai, Vietnamese etc., which include Dim sum restaurants and Cha Chaan Tengs
“bars”	all establishments where the focus is on drinking (either alcoholic or non-alcoholic beverages). While a wide variety of snacks and full meals are offered, it is not uncommon for consumers to only order a drink. As a general rule, establishments deriving 50% of their income or more from the sale of drinks are to be included here. Drinks-only establishments are included here
“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
“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
“Central Region”	one of the five regions in Singapore and is the most populous area. It can be divided into 2 sub-regions; Central Area and outside Central Area
“Cha Chaan Teng”	Hong Kong style cafes that offer a wide range of Hong Kong local dishes
“consumer food service”	the market for meals and refreshments prepared and consumed outside the home
“CPI”	consumer price index
“dim sum”	a style of Chinese cuisine prepared as small bite-sized portions of food in small steamer baskets or on small plates

GLOSSARY

“East Region”	the east region in Singapore consists of areas such as Bedok, Changi, Paya Lebar, Pasir Ris and Tampines
“food and beverage industry”	all companies involved in processing raw food materials, packaging, and distributing them. This includes fresh, prepared foods as well as packaged foods, and alcoholic and non-alcoholic beverages
“FSRs”	full-service restaurants, encompass all sit-down establishments where the focus is on food rather than on drink, and is characterised by table service and a relatively higher quality of food compared to quick-service units. Menus of such restaurants offer multiple selections and may include breakfast, lunch and dinner, and the preparation of food products of such restaurants is often complex and involves multiple steps
“GDP”	gross domestic product refers to the aggregate value of the goods and services produced in the country
“investment payback point”	the point of time at which the operating cash flow accumulated from the commencement of business of a restaurant covers the costs of opening and operations, including incurred capital expenditures and ongoing cash operating expenses
“MRT”	the Mass Rapid Transit, a rapid transit system forming the major component of the railway system in Singapore
“North Region”	the north region in Singapore consists of areas such as Lim Chu Kang, Sembawang, Woodlands and Yishun
“North-east Region”	the north-east region in Singapore consists of areas such as Ang Mo Kio, Hougang, Punggol, Sengkang and Serangoon
“Orchard”	located within Central Area and it is known as the retail and entertainment hub of Singapore popular among the tourists
“other FSRs”	restaurants with primary positioning / offering in cuisines apart from Asian such as European, Latin American, Middle Eastern, North American, etc.
“Outside Central Area”	the rest of the areas in Central Region that are outside the Central Area in Singapore
“Outside Orchard”	the rest of the areas outside Orchard that are inside Central Area

GLOSSARY

“POS system”	a point of sale software system
“sq. ft.” and “sq. m.”	square feet and square metres, respectively
“West Region”	the west region in Singapore is the largest region in terms of area. The main residential towns include Bukit Batok, Bukit Panjang, Choa Chu Kang, Clementi, Jurong East and Jurong West

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 developments, 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 “Financial Information” 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.

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Potential investors should carefully consider all of the information set forth in this prospectus and, in particular, the following risks and special considerations associated 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. The trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO THE BUSINESS

Our success substantially depends on the market recognition of our brands and any negative publicity, negative reviews or damage to our brands could materially and adversely impact our business and results of operations

As at the Latest Practicable Date, we had a total of eight restaurants in Singapore, of which six operated under our “Central Hong Kong Café” brand, one operated under our “Black Society” brand and one operated under the franchised “Greyhound Café” brand, and 20 bakery retail outlets in Malaysia (of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets operated under our “Bread Story” brand). We believe that our success substantially depends on the market recognition of our brands and the franchise brand. We believe that our continued success will depend in large on our ability to protect and enhance the value of these brands. Any incident that diminishes consumer trust in or preference for these brands could significantly reduce their values. As it is one of our business strategies to continue to grow in size, expand our food offerings and services and extend our geographic reach, maintaining quality and consistency may become more difficult and there is no assurance that customer confidence in these brands will not diminish. If consumers perceive or experience a reduction in food quality, service, ambience or believe in any way that we are failing to deliver a consistently positive experience, the value of our brands could suffer, which could have a material adverse effect on our business.

Our Group’s profitability may be adversely affected by the failure to find commercially attractive locations, increase in rental expenses and/or failure to renew existing leases of the leased properties on terms acceptable to us

We operate our restaurants in Singapore and self-operated bakery retail outlets in Malaysia, where there are limited supply of commercially attractive locations. Our restaurants and bakery retail outlets are generally located in shopping malls. We believe this is vital to drawing in customers to our restaurants and bakery retail outlets. However, with intense competition in the consumer foodservice industry in Singapore and artisanal bakery industry in Malaysia, any attractive location will likely be subject to high demand from, among others, other food and beverage operators and artisanal bakery chain operators that compete directly with our Group for the same location. As such, there is no assurance that our Group would be able to find suitable premises that are commercially attractive for our restaurants and bakery retail outlets with reasonable commercial terms in the event there is a need for relocation or our Group intends to open new restaurants and/or bakery retail outlets. In the event that leases for suitable locations cannot be entered into, our Group’s plan for relocation or expansion may be delayed or cannot be implemented, which could have an adverse effect on our Group’s operational and financial conditions.

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All of our restaurants and self-operated bakery retail outlets are operated on leased properties and our leases will expire between 27 May 2018 and 27 December 2021. It is uncertain that these leases can be renewed when they expire or on terms acceptable to us. We may not ensure that the rental expense will not increase significantly, which could adversely affect our profitability.

For the years ended 31 December 2015, 2016 and 2017, our Group's rentals and related expenses amounted to approximately S\$3.1 million, S\$3.6 million and S\$4.3 million, representing approximately 23.7%, 23.3% and 21.7% of our total revenue, respectively. The rent payable under our Group's current lease agreements for our restaurants and self-operated bakery retail outlets are either fixed or subject to adjustment based on a fixed percentage of the revenue of the relevant restaurants during the term of the leases. Any increase in rental expenses will nevertheless increase our costs of operation and thereby may adversely affect our results of operation and financial position if our Group is unable to pass on the increased costs to our customers.

We rely on our Central Bakery to supply certain bakery ingredients and bakery products to our self-operated bakery retail outlets and our franchised bakery retail outlets, any disruptions on its operations will have an adverse impact on our bakery retail outlets' operations

During the Track Record Period, our Central Bakery provided certain bakery ingredients and bakery products to our self-operated bakery retail outlets and our franchised bakery retail outlet. The purpose of Central Bakery is to centralise the process of ingredients preparation which enables us to better manage cost and quality and improve efficiency. Any disruption of operations at our Central Bakery, such as electricity or water suspensions, for whatever reason, may result in our failure to distribute bakery products and bakery ingredients to our bakery retail outlets in a timely manner, or at all, which may cause our bakery retail outlets to suspend or remove certain items, whether temporarily or on a permanent basis. If we are unable to offer certain items, we may experience a significant reduction in revenue and our brand value may suffer, resulting in a material adverse effect on our business and results of operations. As such, any disruptions at our Central Bakery may potentially increase our cost and time in preparation leading to a decrease in revenue which ultimately have an adverse impact on our financial performance.

The future growth of our Group relies on our ability to open and profitably operate new restaurants and bakery retail outlets according to our expansion plan, and our Group's new restaurants and bakery retail outlets may not operate as successfully as our Group anticipates which may result in over-capacity, increase in our rental expenses, staff costs and depreciation and may affect our operations, financial conditions and our revenue and profit may not increase in proportion to our increase in capacity

The consumer foodservice industry in Singapore and artisanal bakery industry in Malaysia is highly competitive and the success of opening a type of restaurant or bakery retail outlet at a location, respectively, is not indicative of our Group's continuous success at a different location. Our Directors believe that the future growth of our Group relies on our ability to open and operate new restaurants and bakery retail outlets in a profitable manner. Our Group's expansion plan includes (i) the continued expansion of our dining operations in Singapore, where we planned to open three new restaurants in Singapore during the year ending 31 December 2018; (ii) setting up a new head office and enhance our workforce for our dining operations in Singapore; (iii) further enhance our brand recognition in

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Singapore and Malaysia; and (iv) upgrade our information technology system. The estimated costs of (i) opening the new restaurants in Singapore (including the related staff costs, equipment required, etc.) amount to approximately HK\$22.5 million (approximately 76.3%); (ii) setting up our new head office and enhance our workforce for our dining operations in Singapore amount to approximately HK\$3.9 million (approximately 13.2%); (iii) further enhancing our brand recognition in Singapore and Malaysia amount to approximately HK\$0.3 million (approximately 1.0%); and (iv) upgrading our information technology system amount to approximately HK\$0.3 million (approximately 1.0%), are expected to be funded by the net proceeds from the Share Offer (assuming an Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.5 to HK\$0.6 per Offer Share).

Our expansion plans described above are subject to a number of risks and uncertainties, including but not limited to:

- We cannot assure you that the new restaurants and/or bakery retail outlets will be able to attract enough customers. The number of customers at our new restaurants and/or bakery retail outlets may be affected by market trend, customers' preferences and other factors which are beyond our control. The demand for our restaurants and/or bakery retail outlets' products, and the revenue and profit to be generated, may not increase in line with our increase in number of new restaurants and/or bakery retail outlets, and we cannot assure you that there will be no over-capacity.
- We may not be able to obtain sufficient funding for our expansion plans. If our resources are insufficient to satisfy our cash requirements, we may seek additional financing. Our ability to obtain additional capital on acceptable terms is subject to a variety of uncertainties, some of which are beyond our control, including general economic and capital market conditions, credit availability from banks or other lenders, investors' confidence in us, the performance of the food and beverage industry in general, and our operating and financial performance in particular. There is no assurance that future financing will be available in amounts or on terms acceptable to us, if at all.
- In addition, we expect to incur increased costs during the year ending 31 December 2018, such as increase in staff costs by approximately HK\$6.5 million (as a result of additional restaurants staff), increase in rental costs by approximately HK\$3.9 million (as a result of, including but not limited to, the setting up of our new head office and new restaurants in Singapore) and increase in depreciation costs by approximately HK\$1.6 million (as a result of setting up new restaurants and upgrading our information technology systems and other equipment), in connection with the expansion of our business operations.
- We cannot assure you that we will be able to (i) locate suitable locations and/or securing leases on reasonable terms; (ii) secure all necessary governmental approvals and licences in a timely manner; (iii) hire quality chefs and other employees; and (iv) complete all necessary decorations and renovations to our restaurants and/or bakery retail outlets in a timely manner.

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- We cannot assure you that the managerial, operational and financial resources of our Group will be adequate to support the expansion plans. In particular, our management may be stretched or distracted by the operation of new restaurants and/or bakery retail outlets.

The risks and uncertainties above may affect our Group's financial performance adversely.

Incidents of food poisoning, allergic reactions caused by certain ingredients, customer complaints and any other negative publicity associated with our restaurants and/or bakery retail outlets, or on food safety in general could adversely affect our reputation and our business

Our business is susceptible to the risk of food poisoning. While we have taken measures to mitigate such risk, we cannot guarantee that it can be completely eliminated. Incidents of food poisoning caused by food ingredients from third party suppliers or reasons beyond our control may occur. In addition, nuts, eggs and dairy products are common ingredients used in our restaurant dishes and bakery products. If we are not made aware of such food allergies when the dishes are prepared at the restaurant or when the customers purchase the bakery products, the consumption of such food items by the customers may cause severe allergic reactions and health hazards. These potential incidents could lead to liability claims and compensation awarded by court, as well as the imposition of penalties by relevant authorities, which may have a material adverse effect on our business operations. In addition, reports by the media of such incidents or any other negative publicity resulting from the publication of industry findings or research reports in relation to our food quality or customer service or any complaints from our customers may, regardless of their validity, adversely affect our results of operations, which may result in the closure or suspension of the relevant restaurants and/or bakery retail outlets.

For the year ended 31 December 2016, our “Black Society” restaurant accumulated six demerit points for serving raw salmon that was found contaminated with *Bacillus Cereus*. As at the Latest Practicable Date, the franchised “Greyhound Café” restaurant accumulated six demerit points for an employee having handled food with bare hands. For details on the non-compliance of our “Black Society” restaurant and the franchised “Greyhound Café” restaurant and the points demerit system imposed by the NEA, please refer to the sections headed “Business — Legal proceedings and compliance — Non-compliance matters” and “Regulatory Overview — Singapore laws and regulations — Government regulations, licences, permits, approvals and certificates — Singapore — (a) The Environmental Public Health Act” in this prospectus, respectively. There is no assurance that our business and financial position and prospects, including but not limited to, our reputation in the industry and our relationship with the customers will not be adversely affected by such historical non-compliance incidents.

We are susceptible to the popularity of our franchised brand

The franchised “Greyhound Café” restaurant is operated under the Greyhound Franchise Agreement, under which we are required to pay certain franchise fees and royalty fees for the rights to use the brand for an initial term of five years, with an option to renew for an additional five years. If we are unable to renew the Greyhound Franchise Agreement upon its expiration or that the agreement is terminated due to our material breach, particularly after the brand had successfully established customer affinity, it could materially and adversely affect our financial performance.

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Moreover, in the event that the franchised “Greyhound Café” brand fail to sustain its popularity among other competitors, we may not be able to recoup the costs of franchise fees and royalty fees paid under the Greyhound Franchise Agreement, in which case our financial condition and results of operations may be adversely affected.

We are under contractual commitment to meet annual minimum sales target and open new restaurants under the Greyhound Franchise Agreement

Under the Greyhound Franchise Agreement, we are committed to an annual minimum sales target. For details, please refer to the section headed “Business — Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this prospectus. Should we be unable to meet the annual minimum sales target for three consecutive years, Greyhound Cafe Co. is entitled to convert the exclusivity of rights granted to us under the Greyhound Franchise Agreement into non-exclusivity rights. There is no guarantee that we could achieve the annual minimum sales target in the future, in which case we may find Greyhound Café Co. granting “Greyhound Café” brand franchise rights to our competitors in Singapore.

Under the Greyhound Franchise Agreement, we are required to open and operate at least four restaurants under the franchised “Greyhound Café” brand within five years from the date of execution of the Greyhound Franchise Agreement. For details, please refer to the section headed “Business — Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this prospectus. We do not have any right to suspend the requirements under the agreement. If we fail to open the restaurants accordingly, Greyhound Café Co. is entitled to establish and operate, or grant others the right to establish and operate, other “Greyhound Café” restaurants, or reduce our territory to establish and operate “Greyhound Café” restaurants within Singapore. There is no guarantee that we could implement our expansion plans as stipulated under the agreement in the future, in which case our results of operations may be adversely affected.

If our suppliers fail to deliver food with an acceptable quality or in a timely manner, we may experience supply shortages and increased food costs

A disruption of our food supplies can occur for a variety of reasons, many of which are beyond our control, including unanticipated demand, adverse weather conditions, natural disasters, diseases, severe traffic accidents or delays, labour strikes, a supplier ceasing operations or unexpected production shortages. Moreover, there is no assurance that our current supplies may always be able to meet our stringent quality control requirements in the future. If any of our suppliers do not perform adequately or otherwise fail to distribute products or supplies to us in a timely manner, or in the event that the conditions of fresh or frozen food products, being perishable goods, deteriorate due to delays in delivery, malfunction of refrigeration facilities or inappropriate handling during transportation by the relevant suppliers leading to such ingredients being rejected, we cannot assure you that we will be able to find suitable replacement suppliers in a short period of time on acceptable terms, and any failure to do so could increase our food costs and could cause shortages of food and other supplies at our restaurants and/or bakery retail outlets which in turn may cause us to remove certain items from the menus of one or more restaurants and/or bakery retail outlets. Any significant changes to our

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menus as a result of food supply shortages for a prolonged period of time or failure of our Group to provide quality food and services to customers, thereby affecting our Group's business and damaging our Group's reputation, could result in a significant reduction in revenue during the time affected by such shortages.

Our Group faces the risk of obsolescence for our inventory

Since a considerable amount of our Group's food ingredients and bakery products are perishable food items, our business operations involved their proper storage and stocking. For the years ended 31 December 2015, 2016 and 2017, inventory turnover days of our Group remains stable at approximately 34 days, 34 days and 35 days, respectively. Our inventory inevitably faces obsolescence risks where there are unexpected material fluctuations or abnormalities in the supply and demand of food ingredients from our customers, or where there are changes in customers' tastes and preferences or introduction of new products in the market, which may lead to decreased demand or overstocking of particular products. Certain food ingredients such as dairy products and fresh meat require storage maintained at frozen or chilled conditions in our cold storage. Any unexpected and adverse changes in the optimal storage conditions of our storage facilities may expedite the deterioration of such products and in turn heighten the risk of inventory obsolescence. We cannot assure you that we will be able to maintain proper inventory level and low inventory obsolescence risk, and such failure may have adverse effect on our business, financial condition, results of operations and profitability.

Labour shortages or increases in labour costs will increase our Group's operating costs and reduce our profitability

Operations of our dining operations in Singapore and artisanal bakery chain in Malaysia are in general highly service and skill oriented, and therefore, our Group's success is dependent upon our ability to motivate and retain sufficient number of qualified employees, including, among others, restaurants and bakery retail outlets managers, kitchen and floor staff, all of whom are necessary for our daily operations, and attract experienced staff to assist us in our Group's expansion plans. According to the Euromonitor Report, (i) the unit labour cost index in accommodation and food services in Singapore increased from 102 in 2011 to 127 in 2016, at a CAGR of approximately 4.5%; and (ii) the labour cost in accommodation and food and beverage services activities in Malaysia increased from RM850 per month in 2011 to RM1,080 per month in 2015, at a CAGR of approximately 6.2%.

For each of the years ended 31 December 2015, 2016 and 2017, there were 57 staff, 53 staff and 96 staff who resigned from our Group, and the average monthly resignation rates of our staff were approximately 2.7%, 2.3% and 2.8%, respectively, of which the majority of them were full-time staff. The staff turnover was mainly affected by the closure of certain bakery retail outlets during the Track Record Period and the termination of employment with certain under-performing foreign workers for our dining operations upon the expiration of their respective contracts. Our Directors are of the view that the overall staff turnover rates are not inconsistent with the industry norm. There is no assurance that our Group will not experience difficulty in recruiting personnel in the future. Individuals with sufficient experience in the food and beverage industry and artisanal bakery industry are in short supply and competition for these employees is intense. Any inability to recruit qualified staff in the future may delay the planned opening of our new restaurants and bakery retail outlets, or any inability

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to retain qualified staff may adversely affect our daily operations of our existing restaurants and bakery retail outlets. Any such delays, any material increases in employee turnover rates in existing restaurants and bakery retail outlets, or any widespread employee dissatisfaction could have a material adverse effect on our business and results of operations.

The employment of foreign workers for our dining operations in Singapore is limited by, among others, a quota (or dependency ratio ceiling) and subject to the payment of the applicable levies set by the MOM. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore could adversely and materially affect our business and financial position and prospect. For further details on the laws and regulations in Singapore relating to employing foreign labour, please refer to the paragraph headed “Regulatory overview — Singapore Laws and Regulations” in this prospectus.

In addition, competition for qualified employees could also require us to pay higher wages which could result in higher labour costs. For the years ended 31 December 2015, 2016 and 2017, our staff costs (including director’s and chief executive’s remuneration) amounted to approximately S\$3.5 million, S\$3.9 million and S\$5.9 million, respectively, representing approximately 27.0%, 25.4% and 29.9% of our Group’s total revenue, respectively. It is expected that our labour costs will increase as a result of the expected expansion of our business and the increase in salary level of employees in the food and beverage industry. The failure to attract experienced personnel at a desirable level of labour costs could adversely affect the business, financial condition and results of operations of our Group. Due to the intense competition in the food and beverage industry in Singapore and artisanal bakery industry in Malaysia, we may be unable to pass on the increased labour costs to our customers, in which case our Group’s profit margins would be negatively affected.

Our Group’s dining operations in Singapore and artisanal bakery chain in Malaysia are susceptible to seasonality and we may not implement sufficient measures to counter periods of seasonality

We experience seasonal fluctuations in our revenue as the spending patterns vary on a seasonal basis. Our revenue is usually higher during certain festive periods, such as the Christmas and New Year holidays, than those for the remaining months of the year. Failure by us to implement measures that effectively counter the effects of seasonality will affect our business and the results of operations may be materially and adversely affected.

Our success depends on our key personnel and our business may be harmed if we lose their services or they are not able to successfully manage our growing operations

Our future success depends on the ability of our key management personnel to work together and successfully implement our growth strategy while maintaining the strength of our brand. Our future success also depends heavily upon the continuing services and performance of our key management personnel, in particular our executive Directors, Ms. Low, Mr. Sean Low and Mr. Chiu, and our senior management personnel, Mr. Viscuso and Mr. LIU Ji. For the biographical details of our executive Directors and senior management, please refer to the section headed “Directors and Senior Management” in this prospectus. We must continue to attract, retain and motivate a sufficient number

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of qualified management and operating personnel, restaurant general managers and chefs, to maintain consistency in the quality and atmosphere of our restaurants and meet our planned expansion requirements. If our key management personnel fails to work together successfully, or if one or more of our key management personnel is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect. Competition for experienced management and operating personnel in the restaurant industry is intense, and the pool of qualified candidates is limited. We may not be able to retain the services of our key management and operating personnel or attract and retain high-quality senior executives or key personnel in the future.

If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our results of operations may be materially and adversely affected. In addition, if any member of our senior management team or any of our other key personnel joins a competitor or forms a competing business, we may lose business secrets and know-how as a result. Any failure to attract, retain and motivate these key personnel may harm our reputation and result in a loss of business.

Increases in the costs of food ingredients may adversely affect our profit margins and results of operations

Our profitability depends significantly on our ability to anticipate and react to changes in costs of food ingredients. We primarily rely on local suppliers in Singapore and Malaysia to supply, among others, meat, vegetables, seafood, seasonings and dairy products. According to the Euromonitor Report, (i) the CPI for food items in Singapore increased from approximately 92.6 in 2011 to approximately 103.5 in 2016, at a CAGR of approximately 2.2%; and (ii) the CPI for food ingredients in Malaysia increased from approximately 106.7 in 2011 to approximately 126.8 in 2016 at a CAGR of approximately 3.5%. Increases in distribution costs or sale prices or significant disruption of our suppliers could cause our food costs to increase. In the event that we are unable to pass on such additional cost to our customers, our profit margins may be negatively affected. For the years ended 31 December 2015, 2016 and 2017, our cost of inventories was approximately S\$3.5 million, S\$3.9 million and S\$4.6 million, respectively, representing 26.9%, 25.2% and 23.3% of our revenue for the respective periods.

The type, variety, quality and price of food ingredients are volatile and subject to factors beyond our control, including seasonal shifts, climate conditions, natural disasters, governmental regulations and availability, each of which may affect our food costs or cause a disruption in our supply. Our suppliers may also be affected by higher cost of production and transportation, rising labour costs and other expenses that they pass to us. We currently do not enter into futures contracts or engage in other financial risk management strategies against potential price fluctuations in food costs. We may not be able to anticipate and react to changes in food ingredients costs through our purchasing practices and menu price adjustments in the future, and failure to do so could materially and adversely affect our business and results of operations.

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We recorded a net operating cash outflow for the year ended 31 December 2017 and may have difficulty meeting our payment obligations if we continue to record net operating cash outflow in the future

Our Group recorded an operating cash outflow before movements in working capital of approximately S\$0.6 million for the year ended 31 December 2017 primarily attributable to (i) the non-recurring listing expenses recognised; and (ii) the non-recurring unrealised exchange loss arise from the receipt of pre-IPO proceeds in 2017. For detailed analysis, please refer to the paragraph “Financial Information — Liquidity and capital resources — Net cash flows from operating activities” in this prospectus.

We cannot assure you that we will not experience operating cash outflow in the future. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. For example, if we do not have sufficient net cash flow to fund our future capital requirements, pay our trade and bills payables and repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or curtail our development and expansion plans. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Our Group may be unable to detect, deter and prevent all instances of fraud or other misconduct committed by our Group’s employees, suppliers or other third parties

We handle a considerable amount of cash and manage valuable food ingredients at our restaurants and bakery retail outlets on a daily basis. Our Group may be unable to prevent, detect or deter all instances of fraud, theft, dishonesty, or other misconduct committed by our employees, suppliers or other third parties. Any such fraud or other misconduct committed against our Group’s interests, which may include past acts that have gone undetected or future acts, may have a material adverse effect on our Group’s business, results of operations and financial condition.

The government grants and subsidies received by our Group during the Track Record Period were non-recurring in nature

For the years ended 31 December 2015, 2016 and 2017, we have received certain government grants and subsidies from the Singapore government of approximately S\$113,000, S\$149,000 and \$50,000, respectively. The government grants represent rewards and subsidies under the Productivity and Innovation Credit Scheme and the Wage Credit Scheme which were received from the Singapore government. These grants and subsidies are non-recurring in nature and the amount of the grants and subsidies were subject to the discretion of the Singapore government. There is no assurance that our Group will receive such government grants and subsidies for the financial years afterwards and our financial position may be adversely affected if we fail to obtain such government grants and subsidies in the future.

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Our Group’s insurance coverage may be insufficient to protect our Group against potential liabilities arising during the course of operations

Our Group does not maintain insurance policies against all risks associated with the food and beverage industry, either because our Directors have deemed it commercially unfeasible to do so, or the risk is minimal, or because the insurers have carved certain risks out of their standard policies. These risks include, without limitation, events such as the loss of business arising from increased competition, the loss of any business resulting from negative effects on changes in customers’ tastes and preferences. If an incident occurs in relation to which our Group has inadequate insurance coverage, the business, financial position and operating results of our Group could be materially and adversely affected. Further, there is no assurance that our Group will be able to renew the existing insurance policies on commercially reasonable terms.

Our Group may not be able to adequately protect its intellectual property, which could harm the value of our brands and adversely affect our business

Our Directors believe that our Group’s brands are essential to its success and its competitive position. Please refer to the sections headed “Business — Intellectual property rights” and “Statutory and General Information” in Appendix IV to this prospectus for further details of our Group’s intellectual property. Notwithstanding, our Group may not be able to protect its intellectual property adequately, or if we are held by any court or tribunal to have infringed on any trademark of others, our business may be adversely affected.

In addition, our Group’s efforts to maintain and protect our Group’s intellectual property may be inadequate, or third parties may infringe upon our Group’s intellectual property rights or misappropriate our proprietary knowledge, which could have a material adverse effect on our business, financial condition or operating results. Our Group may, from time to time, be required to initiate litigation to protect and enforce our trademarks and other intellectual property rights, and to protect our trade secrets. Such litigation could result in substantial costs and diversion of resources, which could negatively affect our revenue, profitability and prospects.

Moreover, even if any such litigation is resolved in favour of our Group, we may not be able to successfully enforce the judgment and remedies awarded by the court and such remedies may not be adequate to compensate our Group for our actual or anticipated related losses, whether tangible or intangible. In such event, our Group’s financial performance and business reputation will be adversely affected.

Our historical financial and operating results may not be indicative of future performance, and we may not be able to achieve and sustain the historical level of revenue and profitability

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to the food and beverage industry in Singapore and Malaysia and our ability to control costs and operating expenses.

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The adoption of IFRS 16 may affect our financial position and results of operations due to our operating lease arrangements.

We leased premises for our dining operations and artisanal bakery chain, under which the relevant leases are classified as operating leases. The total future minimum lease payments under the non-cancellable operating leases of our Group as at 31 December 2017 amounted to approximately S\$7.1 million. IFRS 16 provides new provisions for the accounting treatment of leases and its application in the future means that all leases must be recognised in the form of right-of-use assets and as a financial liability for payment obligations. As we are planning to expand our restaurant network by opening additional restaurants, these new provisions for accounting treatment of leases are potentially relevant to our preparation of financial statements. Our Group's initial assessment indicates that these rental agreements will meet the definition of a lease under IFRS 16, and hence our Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16.

The combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to the statement of profit or loss in the initial years of the lease. Accordingly, it would give rise to an increase in liabilities and assets on the consolidated statement of financial position at the same time, without a negative impact on the net asset position of our Group. However, it might affect certain financial ratios, such as increase in gearing ratios and decrease in current ratios. In addition, for classification of cash flows, under IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion and will be presented as financing cash flows.

Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business

Our Group has installed a POS System at each of our restaurants and bakery retail outlets. We rely on the POS System to monitor the daily operations of our restaurants and bakery retail outlets and types of dishes, items and beverages ordered and to collect accurate up-to-date financial and operating data for business analysis. Any damage or failure of our system including hardware and software failures, computer viruses that causes an interruption to our operations could have a material adverse effect on our business and results of operations.

We also receive and maintain certain personal information of our customers provided to us through reservations, customer feedback cards and by subscription to our marketing promotions. If our network security is compromised and such information is stolen or obtained by unauthorised persons or used inappropriately, we may be liable for the leakage of personal data. Such violation can lead to proceedings and significant liabilities, which in turn could adversely affect our business and financial condition. In addition, our Group depends on its information technology system to monitor the daily operations of our restaurants and artisanal bakery chain. There may be system breakdown causing interruptions to the input, retrieval, processing or transmission of data. Any such events could disrupt our Group's operations and affect adversely its performance.

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RISKS RELATING TO THE INDUSTRY

Our Group's business operations depends on the macro-economic situation in Singapore and Malaysia, and may be adversely affected by reductions in discretionary consumer spending as a result of downturns in the economy

The performance of our dining operations and artisanal bakery chain are closely related with the economic conditions of Singapore and Malaysia, respectively. In the event of an economic downturn, consumers will tend to become more budget conscious and sensitive to the amounts they spend on food. If consumers' spending pattern changes or if the economy of Singapore or Malaysia deteriorates and our Group is unable to divert its business to other geographic locations, its revenue, profitability and business prospects will be materially affected.

Our Group operates in a highly competitive industry and the opening of new restaurants or bakery retail outlets by competitors near locations in which we operate may negatively affect the revenue of our existing restaurants or bakery retail outlets

Our Group faces intense competition from a large and diverse group of restaurants and bakery retail outlets and other food and beverage operators who target the same or similar group of customers. There are numerous restaurants and bakery retail outlets in Singapore and Malaysia offering similar cuisines and bakery products which compete with our Group in terms of, among other things, taste, quality, price, customer service, ambience, and the overall dining experience. Some of our Group's competitors may have longer operating history, larger customer base, better brand recognition and reputation, and better financial position, marketing strategies and public relations resources. As we face intense competition from other competitors as well as new market entrants, our Group's business and results of operations may be adversely affected in the event that we are not able to stay competitive in terms of our pricing, or there is deterioration in the quality of our dishes, products or our level of service.

As our Group intends to expand its dining operation in Singapore and artisanal bakery chain in Malaysia, we have to compete with other existing food and beverage operators for rental space and experienced employees. The competition for prime locations is intense and we may not be able to secure these prime locations on terms on which are comparable to those of our existing restaurants and bakery retail outlets. We may also have to offer experienced management staff higher wages in order to recruit or retain them. Such instances will increase our Group's operating costs, thereby affecting our financial performance.

The target area of our restaurants varies by location, depending on a number of factors such as population density, local retail and business attractions, area demographics and geography. The target locations for our new restaurants and self-operated bakery retail outlets are generally located in shopping malls. As a result, the opening of new restaurants or bakery retail outlets by our competitors near locations of our existing restaurants or artisanal bakery retail outlets could adversely impact our revenue of our existing restaurants or bakery retail outlets. Some of our customers may be diverted

RISK FACTORS

from our existing restaurants or bakery retail outlets to the new restaurants or bakery retail outlets opened near the locations where we operate. In such circumstances, any reduction in customers to our restaurants or bakery retail outlets will have an adverse effect to our business and results of operations.

Our dining operations in Singapore and artisanal bakery chain in Malaysia is subject to stringent licensing requirements, environmental protection regulations and hygiene standards which can increase the operating costs of the business

Our dining operations in Singapore and artisanal bakery chain in Malaysia is highly regulated under Singapore and Malaysia laws, respectively. We are required to comply with numerous legislations, including environmental protection regulations, hygiene standards and stringent licensing requirement. There is no assurance that we will be able to comply with the relevant regulations in the future or renew our existing licences in a timely manner or at all.

Our dining operations in Singapore and artisanal bakery chain in Malaysia have previously been involved in certain non-compliance incidents such as non-compliance with statutory requirements under the Liquor Control (Supply and Consumption) Act 2015 in Singapore and Local Government Act in Malaysia. For details, please refer to the paragraph headed “Business — Legal proceedings and compliance — Non-compliance matters” in this prospectus.

Any failure to comply with the existing regulations, or any future legislative changes, could result in our Group incurring significant compliance costs or expenses or result in the assessment of damages, imposition of fines against us or a suspension of any part of our business, which could materially and adversely affect our Group’s financial position and results of operations. Our Group may have to incur more costs in complying with any changing laws and regulations in relation to the food and beverage industry on hygiene, fire and safety standards. In addition, should our Group fail to comply with these stringent requirements and are unable to timely renew our licences, our restaurants or bakery retail outlets may be required by relevant authority to temporarily or permanently cease operations and in such circumstances our profitability may be adversely affected.

We face risks related to instances of unforeseeable food contamination, food-borne illnesses and health epidemics

Our business is susceptible to food contamination, food-borne illnesses, health epidemics and other outbreaks. We cannot guarantee that our internal controls and training will be fully effective in preventing all food-borne illnesses. Furthermore, our reliance on third-party food ingredients suppliers increases the risk that food contamination or food-borne illness incidents could be caused by third-party food ingredients suppliers outside of our control and the risk of multiple business operations being affected. New illnesses resistant to any precautions may develop in the future, or diseases with long incubation periods could arise, such as mad-cow disease, that could give rise to claims or allegations on a retroactive basis. Reports in the media of instances of food-borne illnesses could, if highly publicised, negatively affect the food and beverage industry and us in particular, impacting our revenues, forcing the closure of some of our business operations and conceivably having significant impact on our results of operations. This risk exists even if it was later determined that the illnesses in fact were not caused by our business operations.

RISK FACTORS

Furthermore, other illnesses, such as hand, foot and mouth disease or avian influenza, could adversely affect the supply of some of our food products and significantly increase our costs. We also face risks related to health epidemics. Past occurrences of epidemics or pandemics, depending on their scale of occurrence, have caused different degrees of damage to the national and local economies in Singapore and Malaysia. An outbreak of any epidemics or pandemics in the areas where we have operations, may result in quarantines, temporary closures of our operations, travel restrictions or the sickness or death of key personnel and our customers. Any of the above may cause material disruptions to our operations, which in turn may materially and adversely affect our business, reputation and results of operations.

RISKS RELATING TO THE SHARE OFFER AND OUR SHARES

There has been no prior public market for the Shares and the liquidity, market price and trading volume of the Shares may be volatile

Prior to the Listing, there is no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Share Offer. Factors such as variations in the Group's revenues, earnings and cash flows, strategic alliances or acquisitions made by the Group or the Group's competitors, industrial or environmental accidents suffered by the Group, loss of key personnel, litigation or fluctuation in the market prices for the Group's products or raw materials, the liquidity of the market for the Shares, the general market sentiment regarding the industry could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond the Group's control and unrelated to the performance of the Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, you may not be able to sell the Shares at or above the Offer Price.

Future sales of a substantial number of our Shares by our existing Shareholders in the public market could materially and adversely affect the prevailing market price of our Shares

Future sales of a substantial number of our Shares by our current Shareholders could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholder are subject to certain lock-up undertakings after Listing, details of which are set out in the paragraph headed "Underwriting — Underwriting arrangements, commissions and expenses — Undertakings to the Stock Exchange" in this prospectus. While we are not aware of any intention of our Controlling Shareholder to dispose of significant amounts of her Shares after the expiration of the lock-up periods, we are not in a position to give any assurance that they will not dispose of any of their Shares in the future.

We have significant discretion as to how we will use the net proceeds from the Listing, and you may not necessarily agree with how we use them

We plan to use the net proceeds from the Listing to expand our dining operations in Singapore and artisanal bakery chain in Malaysia. For details of our intended use of proceeds, please see the

RISK FACTORS

section headed “Future Plans and Use of Proceeds” in this prospectus. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses of the net proceeds from the Listing.

There can be no guarantee as to the accuracy of facts and other statistics contained in this prospectus with respect to the economies and the industry in which we operate

Certain facts and other statistics in this prospectus are derived from various sources including the Euromonitor Report and various official government publications that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken all reasonable care in the reproduction of the information, they have not been prepared or independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers. Therefore, we make no representation as to the accuracy of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

You should read the entire prospectus carefully (including the risks disclosed) and we strongly caution you not to place any reliance on any information in press articles, other media and/or research analyst reports regarding us, our business, our industry and the Listing

There may be, prior to the publication of this prospectus, and subsequent to the date of this prospectus but prior to the completion of the Listing, press, media and/or research analyst coverage regarding us, our business, our industry and the Listing. You should rely solely upon the information in this prospectus in making your investment decisions regarding the Shares but note that undue reliance should not be placed on any forward looking statements contained in this prospectus which may not occur in the way we expect or may not materialise at all as set out in the section headed “Forward-looking statements” in this prospectus. We do not accept any responsibility for the accuracy or completeness of the information in such press articles, other media and/or research analyst reports nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press, other media and/or research analysts regarding the Shares, the Listing, our business, our industry or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information in this prospectus only and should not rely on any other information.

RISK FACTORS

Shareholders' interests in our Company may be diluted in the future

Our Group may issue additional Shares upon exercise of share options to be granted under the Share Option Scheme. In addition, our Group may need to raise additional funds in the future to finance business expansion, which may relate to existing operations, new business developments and/or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro rata basis to existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced and they may experience dilution of their proportionate interest in our Company; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of the existing Shareholders.

The interests of our Controlling Shareholder may differ from those of other Shareholders

The interests of our Controlling Shareholder may differ from the interests of other Shareholders. If the interests of our Controlling Shareholder conflict with the interests of other Shareholders, or if our Controlling Shareholder cause our business to pursue strategic objectives that conflict with the interests of other Shareholders, you could be disadvantaged by the actions that our Controlling Shareholder choose to cause us to pursue. Our Controlling Shareholder could have significant influence in determining the outcome of any corporate transaction or other matters submitted to the Shareholders for approval, such as mergers, acquisitions and disposal of all of our assets, election of directors, and other significant corporate actions. Our Controlling Shareholder have no obligation to consider the interests of our Company or the interests of other Shareholders.

OTHER RISK FACTORS

Changes in the political, economic and social conditions, laws, regulation and policies of Singapore and/or Malaysia may have an adverse effect on our Group.

Our business prospects, financial condition and prospects of the industries in which we operate in will depend, to some degree, on the developments of the political, economic and regulatory front in Singapore and/or Malaysia. Any adverse developments in the political, economic and regulatory environment including prolonged and/or widespread economic slowdown in Singapore and/or Malaysia would affect our business and profitability. Any uncertainty in the global and local economies would affect investors' confidence, which will correspondingly have a negative impact on the consumer foodservice industry in Singapore and the artisanal bakery industry in Malaysia.

We may also be affected by any changes in inflation rates, interest rates, and foreign exchange rates and/or unfavourable changes in regulatory and government policies relating to the consumer foodservice industry in Singapore and/or artisanal bakery industry in Malaysia. In light of the recent devaluation of the RM, such changes and uncertainties include, but not limited to, any potential foreign exchange controls imposed by the Malaysia government and/or Singapore government. Other political and/or regulatory changes may include introduction of new or revision of laws and regulations which may impact and/or impose restriction on the consumer foodservice industry in Singapore and the artisanal bakery industry in Malaysia.

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On 19 February 2018, Singapore government announced that it plans to raise its GST by two percentage points, from 7% to 9%, sometime in the period from 2021 and 2025. This may (i) curb Singaporean customers' spending in general; and (ii) result in adjustments in prices by our suppliers on items including, among others, food ingredients, which in turn could adversely affect our business and financial performances.

Similarly, any widespread and/or prolonged economic slowdown would affect business and consumer confidence, any subsequently decrease economic activities in Singapore and/or Malaysia, which in turn could materially and adversely affect our business, financial conditions, results of operations and/or prospects.

Natural disasters, acts of war, terrorist attacks, political unrest and other events may have negative impact on our business

Natural disasters and other acts of god which are beyond our control may materially and adversely affect the economy and livelihood of the people in Singapore and Malaysia. Our operations and financial condition may be adversely affected, especially when such events occur in regions in which our operations, independent manufacturers and raw material suppliers are located.

Acts of war, terrorists' attacks and political unrest may cause damage or disruption to our facilities, our employees, raw material suppliers and our markets, any of which could materially and adversely affect our overall results of operations and financial condition.

Certain facts and statistics included in this prospectus may not be relied upon

Certain information and statistics contained in the section headed "Industry Overview" in this prospectus are derived from the Euromonitor Report compiled by Euromonitor and other publicly available sources. While reasonable care has been exercised in the reproduction of such information, it has not been independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisers and may not be accurate, complete or up-to-date. Our Directors make no representation as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

In addition, certain information and data contained in this prospectus are derived from market data provided by Euromonitor. We believe that the sources of this information 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 fact that would render such information false or misleading has been omitted. However, the information has not been independently verified by us, the Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or their respective directors, affiliates or advisers or any other party involved in the Listing and no representation is given as to its accuracy.

RISK FACTORS

The current market condition may not be reflected in the statistical information included in this prospectus

The historical information set out in this prospectus relating to market conditions and valuation may not reflect the current market situation due to rapid changes in the global economy. In order to provide context to the industries in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this prospectus. However, this information may not reflect current market condition as the recent economic upturn may not be fully factored into these statistics, and the availability of the latest data may lag behind of this prospectus. As such, any information relating to market shares, sizes and growth, or performance in these markets and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

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 with regard to our Company. 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 respects 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

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 Sponsor, 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 Share Offer, which forms part of the Share Offer. For applications under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The listing of our Shares on the Stock Exchange is sponsored by the Sponsor. The Offer Shares is fully underwritten by the Underwriters under the terms of the Underwriting Agreements and is subject to the Company and the Joint Bookrunners (for itself and on behalf of the Underwriters)

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

agreeing on the Offer Price. The Placing Underwriting Agreement is expected to be entered into on the Price Determination Date or such later date as may be agreed between our Company and the Joint Bookrunners (for itself and on behalf of the Underwriters), subject to the Offer Price being agreed.

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which 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 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.

Prospective subscribers for the Offer Shares should consult their financial advisers and take 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 Listing Division for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer and upon exercise of any option which may be granted under the Share Option Scheme.

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 Share Offer 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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

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 stockbroker or other professional adviser 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, Estera Trust (Cayman) Limited, in the Cayman Islands and our Company’s Hong Kong branch register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Placing 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 Company, the Sponsor, 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

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Wednesday, 9 May 2018. Shares will be traded in board lots of 5,000 Shares each and are freely transferable. The GEM stock code for the Shares is 8527.

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 “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 “Structure and Conditions of the Share Offer” in this prospectus.

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.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

EXCHANGE RATE CONVERSION

Unless otherwise specified, this prospectus contains translations for the convenience of the reader the following rates: Singapore dollars into HK dollars at the rate of S\$1 = HK\$5.8 and Malaysian ringgit into HK dollars at the rate of RM1 = HK\$1.9. 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\$, RM or HK\$ can be or could have been at the relevant dates converted at the above rates or any other rates at all.

Unless our Company determines otherwise, dividends payable in HK dollars in respect of the 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 cheque sent, by ordinary post, at the Shareholders' risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder in accordance with the Articles.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies in any table or chart between the totals and the sums of the amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
LOW Yeun Ching @Kelly Tan (劉婉貞)	47 Sixth Crescent Singapore 276451	Singaporean
Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)	22 Newton Road #05-07 Singapore 307990	Singaporean
CHIU Ka Wai (趙家偉)	400 Balestier Road #13-05 Singapore 329802	Chinese
<i>Non-executive Director</i>		
CAI Da (蔡達)	Flat 10C, Block 7c Bihai Yuntian, Baishi Road Futian District, Shenzhen Guangdong Province PRC	Chinese
<i>Independent non-executive Directors</i>		
LU King Seng (盧慶星)	291 Upper East Coast Road Spring Park Estate Singapore 466432	Singaporean
LEE Alex Jao Jang (李朝昌)	Flat C, 12/F Mount Davis 33 33 Ka Wai Man Road Kennedy Town Hong Kong	Malaysian
LIM Yeok Hua (林育華)	712A Upper Changi Road East #03-06 Singapore 486483	Singaporean

See “Directors and Senior Management” for further details of our Directors.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE PLACING

Sponsor**Messis Capital Limited**

A corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Room 1606, 16th Floor
Tower 2, Admiralty Centre
18 Harcourt Road
Hong Kong

Joint Bookrunners and Joint Lead Managers**Frontpage Capital Limited**

A corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

Topper Dragon Securities Limited

A corporation licensed by the SFC to carry on type 1 (dealing in securities) regulated activities under the SFO

Flat A-C, 19/F,
Champion Building,
287-291 Des Voeux Road,
Central, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Legal advisers to our Company

As to Hong Kong law

H.M. Chan & Co in association with Taylor Wessing
21/F., 8 Queen's Road Central
Central
Hong Kong

As to Singapore law

JLC Advisors LLP
80 Raffles Place
UOB Plaza 1 #43-03
Singapore 048624

As to Malaysia law

David Lai & Tan
Level 8-3 & 9-4, Wisma Miramas
No. 1 Jalan 2/109E, Taman Desa
Jalan Klang Lama
58100 Kuala Lumpur
Malaysia

As to Cayman Islands law

Appleby
2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

**Legal advisers to the Sponsor
and the Underwriter**

As to Hong Kong law

Wilson Sonsini Goodrich & Rosati
Suite 1509, 15/F
Jardine House
1 Connaught Place
Central
Hong Kong

Reporting Accountants and auditor

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

Industry consultant

Euromonitor International Limited
11 Keppel Road
#06-00 ABI Plaza
Singapore 089057

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

Compliance adviser

Messis Capital Limited

A corporation licensed by the SFC to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Room 1606, 16th Floor

Tower 2, Admiralty Centre

18 Harcourt Road

Hong Kong

Receiving Bank

Industrial and Commercial Bank of China (Asia) Limited

33/F., ICBC Tower, 3 Garden Road,

Central,

Hong Kong

CORPORATE INFORMATION

Principal place of business and head office in Singapore	151 Chin Swee Road #02-13 Manhattan House Singapore 169876
Registered office	PO Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Principal place of business in Hong Kong	9/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Company's website	www.jlogoholdings.com <i>(The information on the website does not form part of this prospectus)</i>
Company secretary	TSO Ping Cheong Brian (曹炳昌) CPA, FCIS, FCS 9/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Authorised representatives	LOW Yeun Ching@Kelly Tan (劉婉貞) 47 Sixth Crescent Singapore 276451 TSO Ping Cheong Brian (曹炳昌) 9/F, Wah Yuen Building 149 Queen's Road Central Hong Kong
Compliance officer	LOW Yeun Ching@Kelly Tan (劉婉貞)
Audit committee	LU King Seng (盧慶星) (chairman) LEE Alex Jao Jang (李朝昌) LIM Yeok Hua (林育華)
Remuneration committee	LIM Yeok Hua (林育華) (chairman) LEE Alex Jao Jang (李朝昌) LOW Yeun Ching@Kelly Tan (劉婉貞)
Nomination committee	LOW Yeun Ching@Kelly Tan (劉婉貞) (chairlady) LEE Alex Jao Jang (李朝昌) LIM Yeok Hua (林育華)

CORPORATE INFORMATION

Cayman Islands principal share registrar

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal banks

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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 Company. 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 Sponsor, Joint Bookrunners, 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.

EUROMONITOR REPORT

We commissioned a report from Euromonitor to conduct an analysis of, and to report on, the consumer foodservice industry in Singapore and the artisanal bakery industry in Malaysia. A total fee of US\$49,000 was paid to Euromonitor for the preparation of the report. Our Group is of the view that the payment of such fee does not affect the fairness of the conclusions drawn in the Euromonitor Report.

Established in 1972, Euromonitor offers international coverage on strategy research for both consumer and industrial markets. The Euromonitor Report has been compiled after thorough and diligent research conducted by Euromonitor's Singapore office. The market research process was undertaken through top-down central research and bottom up intelligence to present a comprehensive and accurate picture of the consumer foodservice industry in Singapore and the artisanal bakery industry in Malaysia.

Euromonitor's detailed research involved:

- Secondary research, which involved reviewing published sources including official statistics (e.g. the Department of Statistics Singapore, the Department of Statistics Malaysia, Tourism Malaysia, and World Bank), company reports including audited financial statements where available, independent research reports, and data based on Euromonitor's own research database.
- Primary research which involved interviews with a sample of leading industry participants and industry experts for latest data and insights on future trends and to verify and cross check the consistency of data and research estimates.
- Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related drivers.
- Review and cross-checks of all sources and independent analysis to build all final estimates including the size, shape, drivers and future trends of the consumer foodservices industry in Singapore and artisanal bakery industry in Malaysia to prepare the Euromonitor Report.

With both primary and secondary research in place, Euromonitor has utilised both types of sources to validate all data and information collected, with no reliance on any single source. Furthermore, a test of each respondent's information and views against those of others is applied to ensure reliability and eliminate bias from these sources.

FORECASTING BASES AND ASSUMPTIONS

Euromonitor based the Euromonitor Report on the following assumptions:

- The Singapore and Malaysia economies are expected to maintain steady growth over the forecast period;
- The social, economic, and political environment in Singapore and Malaysia are expected to remain stable during the forecast period; and

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- There will be no external shock, such as financial crisis or raw material shortage that affects the demand and supply of food products in Singapore and/or Malaysia during the forecast period.

The research results may be affected by the accuracy of these assumptions and the choice of these parameters. The market research was completed in April 2017 and all statistics in the Euromonitor Report are based on information available at the time of reporting. Euromonitor's forecast data comes from analysis of historic development of the market, the economic environment and underlying market drivers, and is cross-checked against established industry data and trade interviews with industry experts.

On these bases, Euromonitor, our Directors and the Sponsor are satisfied that the forecasts and industry data disclosed in this section are not misleading.

Our Directors confirm that, so far as they are aware, there is no material adverse change in the market information since the issue date of the Euromonitor Report which may qualify, contradict or have adverse impact on the information in this section.

SINGAPORE

Macroeconomic environment in Singapore

GDP in Singapore experienced a stable growth from 2011 to 2016, at a CAGR of approximately 3.4%. In 2016, Singapore's economy grew by 2.0% to reach S\$410 billion. The growth had weakened in the past few years due to the global economic slowdown. Singapore's population stood at 5.6 million and Chinese was the largest ethnic group, followed by the Malays ethnic and Indians ethnic. It was also a popular tourist destination in the Asia Pacific region and it recorded tourist arrivals of 16.4 million in 2016. A majority of tourists are from Asian countries with the top four countries of origin being China, Indonesia, Malaysia and India.

The table below sets out the macroeconomic factors of Singapore for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
GDP	S\$ million	346,649	361,366	378,532	390,448	408,097	410,272	3.4%
GDP growth	%	6.2%	3.9%	5.0%	3.6%	1.9%	2.0%	—
GDP per capita	S\$	66,873	68,023	70,109	71,384	73,730	73,167	1.8%
Total population	'000s	5,184	5,312	5,399	5,470	5,535	5,607	1.6%
Per capita gross national income	S\$	65,087	65,521	67,798	69,551	70,450	70,828	1.7%
Number of tourist arrivals	million	13.2	14.5	15.6	15.1	15.2	16.4	4.4%

Source: The Department of Statistics Singapore

Consumer foodservice industry in Singapore

Consumer foodservice categories in Singapore

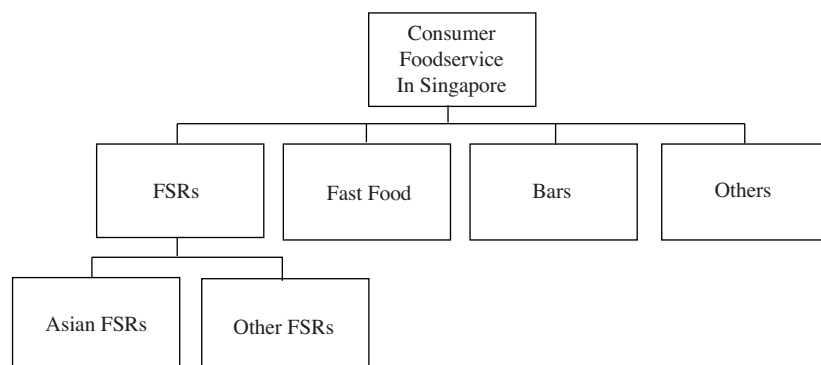
Consumer foodservice in Singapore is divided into FSRs, fast food, bars, and other eating and drinking establishments. FSRs include all sit-down establishments where the focus is on food rather than on drinks. They also have table service and generally have a higher quality of food compared to fast food. FSRs offered a wide range of cuisines including Asian, European and American, of which

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FSRs serving Asian cuisines has the largest foothold in Singapore. In Asian FSRs, the primary offering is Asian cuisines which include Chinese, Cantonese, Hong Kong, Japanese, Korean, Thai, Vietnamese etc. Food establishments such as Cantonese dim sum restaurants and Cha Chaan Tengs are part of Asian FSRs.

In 2016, there were 27,954 consumer foodservice outlets in Singapore, of which 1,795 outlets were FSRs.

Illustration of Consumer Foodservice Categories in Singapore



Food inflation remained upward trend

As Singapore has limited farming land resources, most of the food items are imported. Food prices were subjected to increasing costs of raw materials and resulted in an upward trend in the CPI across the food items. The CPI for food items in Singapore increased from approximately 92.6 in 2011 to approximately 103.5 in 2016, at a CAGR of approximately 2.2%.

The table below sets out the CPI for selected food items and food-related services in Singapore for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Food items	2014=100	92.6	94.9	97.1	100.0	101.2	103.5	2.2%
Meat	2014=100	95.6	97.4	98.3	100.0	100.7	102.8	1.5%
Fish and seafood	2014=100	90.6	94.2	97.2	100.0	101.4	105.8	3.2%
Milk, cheese and eggs	2014=100	87.4	91.2	95.1	100.0	102.0	103.6	3.5%
Oils and fats	2014=100	97.3	100.2	99.4	100.0	99.5	98.0	0.2%
Fruits	2014=100	86.7	88.9	92.8	100.0	101.7	104.1	3.7%
Vegetables	2014=100	92.9	94.0	96.6	100.0	100.9	104.9	2.5%
Non-alcoholic drinks	2014=100	95.9	97.9	99.0	100.0	100.3	100.5	0.9%
Food-related services								
(Restaurant food, fastfood, hawker food, catered food)	2014=100	93.2	95.3	97.2	100.0	102.3	104.3	2.3%
Restaurant food	2014=100	92.1	95.3	97.7	100.0	103.2	105.5	2.8%

Source: The Department of Statistics Singapore

Rental prices dipped across the board

Rental prices of retail spaces used for shop, food and beverage, entertainment and health and fitness purpose in Singapore demonstrated an overall decline during the period from 2011 to 2016. The fall was notable in 2016 in view of the global economy uncertainties. Businesses were forced to close down while some shifted their focus to e-commerce. Staff shortage was another reason behind the store closures in the consumer foodservice industry in Singapore.

The table below sets out the median retail space based on lease commencement in the Central Region of Singapore for the period from 2011 to 2016:

Central Region	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Central Area ⁽¹⁾								
Orchard ⁽¹⁾	S\$psf pm	10.6	10.7	10.6	10.8	10.7	10.0	-1.1%
Outside Orchard ⁽¹⁾	S\$psf pm	6.5	6.5	6.4	6.4	6.3	5.8	-2.1%
Outside Central Area ⁽¹⁾	S\$psf pm	6.4	6.6	6.5	6.6	6.6	6.2	-0.6%

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Source: Urban Redevelopment Authority of Singapore

Notes:

1. Please refer to the section “Glossary” in this prospectus for their definition.

Labour costs on the rise

The tight labour market placed an upward pressure on the labour costs in Singapore. Especially in the service-oriented industries such as accommodation and food services, many businesses face manpower shortages as these jobs are unpopular among the job seekers. Unit labour cost index in accommodation and food services increased from 102 in 2011 to 127 in 2016, at a CAGR of approximately 4.5%.

The Department of Statistics Singapore reported the average monthly resignation rate of employees in food and beverage services was ranged from 3.8% to 4.3% in Singapore in the period from 2015 to 2017.

The table below sets out the labour costs in Singapore for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Unit labour cost index in accommodation and food services	2010=100	102	108	112	116	122	127	4.5%

Source: The Department of Statistics Singapore

Asian FSRs in Singapore

Market overview

Asian cuisine has the largest presence

Singapore’s cultural diversity has always been the main influence shaping the local food scene. This diversity is predominantly Asian in flavour. While Chinese cuisine remains a popular choice among local Singaporeans in the Asian FSRs market in Singapore, the increased globalisation of the Singaporean economy and the rapid inflow of foreign workers have resulted in a proliferation of other cuisines such as Indonesian, Japanese, Korean, Thai, Vietnamese, Mongolian and Taiwanese.

The table below sets out the number and foodservice value sales of the Asian FSRs market in Singapore for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Number of Asian FSRs	Outlets	888	907	920	933	915	915	0.6%
Foodservice value sales (in retail selling price) for Asian FSRs	S\$ million	1,152	1,213	1,271	1,328	1,285	1,238	1.5%

Source: Euromonitor Passport — Consumer Foodservice, 2017 Edition

In 2011, there were 888 outlets in the Asian FSRs market, a figure which grew at a CAGR of approximately 0.6% to reach 915 outlets by 2016. In 2011, Asian FSRs recorded total revenue of S\$1.15 billion, a level which rose at a CAGR of approximately 1.5% from 2011 to 2016 to reach S\$1.24 billion in 2016.

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Market trends and drivers

Eating out is common and convenient

Eating out is increasingly as a norm in Singapore. In recent years, consumer foodservice operators are leveraging on technology to gain awareness among customers. Many Singaporeans rely on online dining guides such as food blogs, food apps and third-party aggregators to find gourmet or value-for-money meals. Furthermore, some Asian FSRs are also venturing into new technologies based on various lifestyle concepts that cater to customers. Smaller eateries are providing pre-packed meals and vending machines for grab-and-go meals, while third-party delivery services provide delivery of their dishes right to the doorsteps of customers at home or work.

Crave for new cuisines and ambience for increasingly sophisticated customers

There is continuous innovation among Asian FSRs to attract customers' palate. Asian cuisines are morphing into numerous varieties. Creation of fusion cuisine is evident as FSR operators challenge the norm and give a twist by infusing different cuisines to stay fresh and upbeat with the customers. Demand for vegan and organic options are increasingly popular and often available on the menu. Emphasis on ambience to elevate the dining experience is becoming a focus for many FSR operators as well.

Operators cluster together to serve a variety of dishes

There are some areas in Singapore identified as gourmet paradise for specific cuisines such as Beach Road for Thai food, Tanjong Pagar and Telok Ayer areas for Korean food and Little India for Indian food. This concept becomes prevalent inside the shopping malls in the recent years. This strategy can be seen in the ever-popular Japanese food segment where FSR operators provide one-stop food 'malls' within shopping malls in Singapore.

Promotions to encourage customer spending

As Singapore is affected by the global economic slowdown, more customers grow cautious of their spending behavior. While customers continue to spend on eating out, they are splurging less and opt for value-for-money meals whenever possible. In response, some shopping malls in Singapore offer shuttle bus services or free parking during lunch times to boost sales and value set lunches are increasingly common to attract customers. Apart from set lunches, there are also off-peak promotions, special price exclusive to ladies on selected day(s) and price discounts for reservations made in advance.

Barriers to entry

Low entry barriers increases competition

The entry barriers to the Asian FSRs market are moderately low. The passion for food and zest for novel or authentic experiences create an ever-unfolding opportunity for entry by anyone with the ideas and means. However, the ease of exit in this industry is also high. Trade sources cited that about six in ten consumer foodservice operators survive more than five years as they grapple with intense competition and high costs to sustain their businesses.

Sufficient capital investments to set up business

There is a substantial amount of investment incurred for every consumer foodservice operator at the initial stage. The initial capital to set up consumer foodservice businesses includes licensing, renovation, and employment of staff in Singapore. Other costs including purchase of food ingredients, rental, marketing and promotions, and utilities usage are recurring cost items. Therefore, it is also crucial to set aside cash reserves in order to keep the business afloat.

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High service standard is key to grow customer base

As Asian FSRs are essentially part of the service-oriented hospitality sector, high service standard is increasingly becoming an important factor for returning customers. Given the prevalence of the social media influences, sharing reviews of their experiences can potentially attract or hinder customer flow to the mentioned restaurants. The level of services is assessed in various aspects. Apart from the attentiveness of service staff, the ability of accommodating special requests and ease of ordering, constant innovation to food menu, and placing emphasis on the dining experiences such as the ambience are continuous efforts required in order to retain customers.

Future opportunities and challenges

Labour and rental costs are major cost components

Labour cost constitutes a major cost component for the consumer foodservice industry in Singapore, followed by rental cost. High staff turnover experienced in the consumer foodservice industry also leads to an increase in training costs and hampering the development of customer service, branding and quality control.

Rental cost, on the other hand, experienced a decline from 2013 to 2016. Over-supply of retail space resulted in the downward pressures on the rental costs.

Labour crunch in labour intensive industries

Despite the slowdown in employment, businesses, particularly in the labour-intensive sectors continued to face labour shortage due to several reasons. One reason is the general negative image of working in the consumer foodservice industry as they are often associated with, long hours, low pay and lack of career opportunities which make it unpopular among the local Singaporeans. As Singapore continues to witness one of the lowest population growth rates in the world, the ageing population is likely to shrink the labour supply for businesses further including the consumer foodservice operators.

Another constraint is the ceiling placed on the recruitment of foreign workers. In July 2012, the Singapore government further reduced the quota of foreign workers from 50% to 40% of the total staff hire, per enterprise in the consumer foodservice industry. This caused further strain to the labour woes in the consumer foodservice industry.

Government steps up to improve productivity

The Singapore government launched a S\$4.5 billion Industry Transformation Programme (“ITP”) in 2016 to help enterprises to explore ways to innovate, adopt technology, retrain workers’ skills and expand internationally. Singapore’s consumer foodservice industry is one of the 23 targeted industries to benefit from this programme. This industry offers entrepreneurial opportunities, including leveraging a ‘Made-in-Singapore’ brand overseas. The ITP encourages the adoption of digital services at the front line and the automation of kitchens.

Vibrant food and beverage scene will intensify competition for Asian FSRs

Singapore’s food and beverage sector will remain as one of the world’s gourmet destinations. Its teeming restaurant, café and food street scenes continue to receive international accolades. Despite the high turnover rate of consumer foodservice industry, there is always a stream of established consumer foodservice operators expanding their presence and passionate entrepreneurs bringing new ideas and cuisines to create a niche. Eating out options will continue to increase for the customers in Singapore.

Singapore government has also been supporting the industry in the form of funding and organising culinary related activities. Asian FSRs market are expected to enjoy a stable growth

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as total sales value will grow at a CAGR of approximately 0.9% from S\$1.25 billion in 2017 to S\$1.28 billion in 2020. Meanwhile, the number of Asian FSR outlets is likely to dip to 905 outlets in 2020 as competition continues to weed out the weaker players.

The table below sets out the forecast on the number and foodservice value sales of the Asian FSRs market in Singapore for the period from 2017 to 2020:

	Unit	2017	2018	2019	2020	CAGR 2017-2020
Number of Asian FSRs	Outlets	912	909	907	905	-0.3%
Foodservice value sales (in retailing selling price) for Asian FSRs	S\$ million	1,248	1,259	1,270	1,282	0.9%

Source: Euromonitor Passport — Consumer Foodservice, 2017 Edition

Competitive landscape

Multiple small players and established independents contribute to a fragmented market

Singapore's Asian FSRs market is fragmented and competition is intense with many players, with approximately 915 outlets in 2016. The majority of consumer foodservice operators are small to medium-sized enterprises. The leading operators in the Asian FSRs market often manage a large portfolio of chained and independent restaurants across various price segments. The top five leading food and beverage operators in Singapore's Asian FSRs market have an intense distribution of outlets located in the Central Region. Central Region is one of the popular regions for food and beverage operators to grow their market presence in Singapore. The top five players accounted for approximately 38.5% of market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016.

Our Group's restaurant operations are operating under our "Central Hong Kong Café" brand, "Black Society" brand and our franchised "Greyhound Café" brand in Singapore. As at 31 December 2016, our Group operated five "Central Hong Kong Café" restaurants, one "Black Society" restaurant and one franchised "Greyhound Café" restaurant in Singapore. Our Group occupied approximately 0.9% of market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016.

The table below sets out the leading operators in the Asian FSRs market in Singapore in 2016 in terms of revenue:

Ranking	Operator name	Ownership (private or public)	Major types of food offered	Outlet count	Revenue (S\$ million)	Market share (%)
1	Operator A	Public	Chinese, Japanese	28	115.4	9.3
2	Operator B	Private	Japanese	41	102.5	8.3
3	Operator C	Private	Chinese	33	99.0	8.0
4	Operator D	Public	Chinese	24	83.0	6.7
5	Operator E	Private	Chinese	23	76.3	6.2
-	Others	—	—	766	761.8	61.5
-	Total	—	—	915	1,238.0	100.0

Source: Euromonitor estimates from desk research and trade interviews with FSR operators in Singapore

Note: The ranking reported above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the revenue numbers into the relevant categories which were covered in this study. For these companies as well as those companies that are included in the ranking table but are not publicly listed, we have estimated the rankings based on estimates provided by various trade sources (i.e. not just the companies themselves) and seeking a consensus on these estimates as much as possible.

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MALAYSIA

Macroeconomic environment in Malaysia

Between 2011 and 2016, Malaysia was one of the best-performing economies in the Southeast Asia region that enjoyed a CAGR of approximately 6.2% in the historical period from 2011 to 2016. GDP in Malaysia was approximately RM1,229.4 billion in 2016. The country had a population of approximately 31.7 million with a large representation of the Malay ethnic, followed by the Chinese and Indian ethnic. Tourists arrivals saw two consecutive years of decline in 2015 and 2016 where the country experienced a series of unfortunate events including political crisis, airline crashes and haze situation.

The table below sets out the macro-economic indicators of Malaysia for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
GDP	RM billion	912	971	1,019	1,107	1,157	1,229	6.2%
GDP growth	%	5.3%	5.5%	4.7%	6.0%	5.0%	4.2%	—
GDP per capita	RM	31,331	32,924	34,067	36,159	37,088	38,782	4.4%
Total population	million	29.1	29.5	29.9	30.6	31.2	31.7	1.7%
Per capita gross national income	RM	30,629	31,698	32,596	34,945	36,285	37,930	4.4%
Number of tourist arrivals	million	24.7	25.0	25.7	27.4	25.7	22.1	-2.2%

Source: The Department of Statistics Malaysia, Tourism Malaysia

Malaysia's CPI increased by 3.5%

The rise in CPI of food ingredients in Malaysia was attributed to a weakening of RM, which has led to import inflation. Imported finished goods will be more expensive in RM terms, and imported raw materials will push up the price of domestically manufactured goods. The CPI for food ingredients in Malaysia increased from approximately 106.7 in 2011 to approximately 126.8 in 2016, at a CAGR of approximately 3.5%.

The table below sets out the CPI of major food ingredients of artisanal bakery industry in Malaysia between 2011 and 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Food ingredients	2010=100	106.7	108.4	113.9	116.7	122.1	126.8	3.5%
Coffee, tea, cocoa and non-alcoholic beverages	2010=100	103.8	106.2	107.4	108	111.4	111.7	1.5%
Oils and fats	2010=100	101.1	101.4	101.0	101.1	102.0	139.6	6.7%
Milk and eggs	2010=100	109.3	109.7	115	122.1	123.5	123.6	2.5%
Rice, bread and other cereals	2010=100	102.1	102.7	104.9	105.7	107.8	108.6	1.2%
Sugar, jam, honey, chocolate and confectionery	2010=100	113.3	118.9	128.5	129.6	132.1	134.7	3.5%
Wheat (U.S.), no.1, HRW (hard red winter)	USD/metric tonne	316.3	313.2	312.2	284.9	204.5	166.6	-12.0%
Wheat (U.S.), no.2, SRW (soft red winter)	USD/metric tonne	285.9	295.4	276.7	245.2	206.4	176.3	-9.2%

Source: The Department of Statistics Malaysia, World Bank

Labour costs are on the rise but still manageable

Overall labour costs increased by 21% in Malaysia from 2011 to 2015. Median wage in accommodation and food and beverage services activities saw an increase of 27% from RM850 per month in 2011 to RM1,080 per month in 2015, at a CAGR of approximately 6.2%. In July 2016, Malaysia raised its minimum wage and employers were required to pay a minimum basic salary of RM1,000 per month in the Peninsular Malaysia and RM920 per month for Borneo Malaysia. However, the increment remained manageable to the artisanal bakery operators in Malaysia.

According to the salary survey conducted by Malaysian Employers Federation, the average monthly turnover rate of non-executives in wholesale, retail, trading, direct selling ranged from 2.5% to 3.1% in Malaysia in the period between July 2015 and July 2017.

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The table below sets out the labour costs in Malaysia for the period from 2011 to 2015:

	Unit	2011	2012	2013	2014	2015	CAGR 2011-2015
Accommodation and food and beverage services activities	Median/RM	850	900	1,000	1,060	1,080	6.2%

Source: The Department of Statistics Malaysia

Artisanal bakery industry in Malaysia

Market overview

Different dialect groups and traditions bring about wide variety of bakery products

Artisanal bakery refers to bakery retail outlets (including bakeries, boutiques and patisseries) that specialise in the sale of bread, pastries and cakes that are typically sold on site of production. The bakery products are not only consumed for breakfast and as snacks but also used for gifting on joyous occasions including weddings and full month birthdays. The variety of bakery products reflects the multi-ethnic makeup of the Malaysian population and plays an important part in traditional wedding customs and festivals. Due to their long history, some traditional bakery products have become popular souvenir choices for travellers, such as baked flaky pastries locally named as ‘*Tau Sar Pneah*’ and ‘*Hiong Pia*’.

The number of artisanal bakery retail outlets increased from 1,438 outlets in 2011 to 1,502 outlets in 2016, grew at a CAGR of approximately 0.9% from 2011 to 2016. Total sales value grew at a CAGR of 2.6% from RM1.1 billion in 2011 to RM1.2 billion in 2016.

The table below sets out the number and retail value sales of artisanal bakery industry in Malaysia for the period from 2011 to 2016:

	Unit	2011	2012	2013	2014	2015	2016	CAGR 2011-2016
Number of artisanal bakery retail outlets	Outlets	1,438	1,460	1,470	1,481	1,491	1,502	0.9%
Retail value sales for artisanal bakeries	RM million	1,092	1,098	1,117	1,141	1,192	1,242	2.6%

Source: Euromonitor estimates from desk research and trade interviews with artisanal bakery operators in Malaysia

Market trends and drivers

Bread consumption increasing in popularity and variety

Bakery products have become a regular dietary component for Malaysians. Bread, in particular, is emerging as the most popular substitute for rice, the Malaysian staple food. Apart from breakfast, Malaysians are increasingly consuming bread for lunch, dinner and snacks. More varieties are thus being sought and artisanal bakery retail outlets everywhere are now catering to expanding tastes.

Consumer sophistication drives innovation and entrepreneurship

As Malaysians become more affluent and well-travelled, their tastes are no longer content with plain bread or the occasional treat of the once-popular sausage roll. Faced with more demanding tastes, artisanal bakery operators have to be constantly innovative, conjuring new recipes and

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concoctions. The artisanal bakery industry is differentiated both according to players who specialise in European, German, Taiwanese, Japanese and fusion breads, and by price segment or customers' socioeconomic class. Choice is further influenced by whether products are certified organic, gluten-free, healthy vegetarian or certified halal.

The rise in entrepreneurship further spices up the artisanal bakery industry as there are more home grown artisanal bakeries to pursue their bakery passion. Consequently, this benefits the customers with a variety of choices.

Bakery cafés give boost to bakery culture among the locals

Competition is increasingly aggressive as artisanal bakeries vie to stay ahead of one another and win over regular customers of mass-product offerings on supermarket shelves. It is noted that bakery cafés are on the rise which spurs the appreciation for dine-in bakery. Artisanal bakeries are also following suit to add on a café to their retail outlet to allow customers to sit down and enjoy a good cup of coffee while munching on their baker's confections.

There is also a growing emphasis on the ambience at the bakery retail outlets. More players are paying more attention to the lightings, decorations, placement of the bakery products to help create an inviting and comforting atmosphere for their customers to enjoy their visit while shopping for their bakery products.

Barriers to entry

Production innovation to keep up with changing consumer preferences

Apart from the start-up costs, the key to sustainable business in the artisanal bakery industry lies in the product quality, innovation and location. It appears that young urban Malaysians have a growing desire for more sophisticated bakery products, and artisanal bakeries seem to be the trend to meet this demand. Many Malaysians have developed a taste for Western-style boulangerie rather than plain breads. This refers to the ability of artisanal bakeries to constantly launch innovative products, and competition is becoming more intense with the entry of established overseas brands.

Good quality at affordable price

As bakery products are daily staples, the artisanal bakery industry is considered price competitive. Hence, producing freshly baked products at affordable pricings is important to retain customer base. Given the weakening of RM, the bakery operators have to respond to the constraints of operating costs by constantly exploring alternative sources for food ingredients without sacrificing the quality and by constantly innovating in order to stay competitive.

Location expands customer reach

Most artisanal bakery products are freshly made on a daily basis. As they are perishable, bakery operators will need a constant flow of customers to purchase their products at their outlets. Hence, location with high customer traffic will increase accessibility and boost the business. Having high sales turnover will also allow artisanal bakeries to achieve economies of scale in their production. Moreover, having strategic location is also vital to increase brand visibility and awareness among the target customers. A large customer base will benefit business sustainability and promote organic growth in business expansion.

Future opportunities and challenges

Introduction of GST dampens spending power

The introduction of a 6% GST in Malaysia in April 2015 initially caused a mood of uncertainty among Malaysian customers, who curbed their spending in general due to being unsure about whether retail prices would rise. While the food and beverage industry remains vibrant in the Malaysian

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economy, growth in spending improved only marginally in 2016 alongside continuing diffidence in the economy and weakening of RM. Although it has been two years since the introduction of GST in Malaysia, the retail sector has not really recovered from its effect. The impact on artisanal bakeries has included pressure on their earnings. What they have chosen to do is to absorb the new consumption tax without any notable increase in their retail prices, even competing in pricing in order to ensure that customers return to their shops.

Halal certification not compulsory but widens consumer base

The more technical regulatory regime influencing artisanal bakeries is the halal certification. This is increasingly being seen as the standard across the board for food quality. The Malaysian government and many operators in the food and beverage industry are marketing the halal standards as a new benchmark for quality, hygiene and safety. Food products and ingredients that have halal certificates are perceived to have added marketing value in Malaysia. However, it is not compulsory and the whole process of applying for, retaining and renewing the certificate is stringent and must be done annually.

Key cost considerations include food ingredients and staff training

Escalating operating costs are a constant major roadblock in the artisanal bakery industry. While labour costs and rental costs are still manageable, food ingredients sourced from overseas become more expensive as a result of the weakening of RM. Bakery operators that source their food ingredients locally or regionally also face rising costs but the situation is still manageable. Nonetheless, the bakery operators are determined not to compromise on quality for cheaper ingredients, but are continually shortlisting potential new suppliers.

Another significant cost factor relates to staff training. Bakery operators that offer Western or European recipes have to send their head bakers overseas for training. These bakers then bring back new recipes and techniques different from other bakeries and other artisanal bakeries in Malaysia, then train their local staff. Other costs that add to operational overhead are those for equipment and logistical services.

Outlook for artisanal bakery expected to remain healthy

As shopping malls spring up all over Malaysia, both independent and chain bakery operators will have ready opportunities to open new outlets. During the period between 2017 and 2018, another 102 shopping centres with a total of 31 million s.q. ft will be completed, with Kuala Lumpur and Selangor receiving most of the supply. Spending time at shopping malls has been a favourite past time for Malaysians. Many families and friends spend much of their weekends at shopping malls, while office workers go to shopping malls for lunch or drop by after work for groceries. Shopping malls thus are ideal locations for artisanal bakeries to grow their retail presence.

Consumer spending remains cautious

High inflation and the weakening of RM are likely to continue to weigh down on the retail performance in Malaysia. Increasing cost of living is a concern for consumers. Cautious sentiments are likely to suppress consumer spending and retailer investments in the coming years.

Euromonitor estimates that the number of artisanal bakery retail outlets will increase marginally at a CAGR of approximately 0.4%, from 1,508 in 2017 to 1,527 by 2020. Sales value is expected to grow at a CAGR of approximately 4.4% from RM1.3 billion to RM1.5 billion in 2020.

The table below sets out the forecast on the number and retail value sales of artisanal bakery in Malaysia for the period from 2017 to 2020:

INDUSTRY OVERVIEW

	Unit	2017	2018	2019	2020	CAGR 2017-2020
Number of artisanal bakery retail outlets	Outlets	1,508	1,514	1,520	1,527	0.4%
Retail value sales for artisanal bakeries	RM million	1,285	1,337	1,396	1,463	4.4%

Source: Euromonitor estimates from desk research and trade interviews with artisanal bakery operators in Malaysia

Competitive landscape

Large variety of players fosters evolving range of products

The artisanal bakery industry in Malaysia is highly fragmented, with approximately 1,502 bakery retail outlets in 2016, judging by wide variety of bakery products. Products range from traditional to urban contemporary and include offerings from diverse cultures. The top five players accounted for approximately 8.5% of market share, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016.

Competition is expected to further heat up with more bakery chains from Korea, Japan and France expected to set up bakery retail outlets in Malaysia. Competition will also likely be present not only in the quality and attractiveness of products but also in pricing and consumer experience as well.

Our Group's artisanal bakery chain is operating under our "Bread Story" brand in Malaysia. As at 31 December 2016, our Group operated 20 bakery retail outlets, of which 14 are self-operated bakery retail outlets and 6 are franchised bakery retail outlets. Our Group occupied approximately 1.2% of market share, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016.

The table below sets out the leading operators in the artisanal bakery industry in Malaysia in terms of revenue in 2016:

Ranking	Operator name	Ownership (private or public)	Outlet count	Revenue (RM million)	Market share (%)
1	Operator F	Private	69	37.0	3.0
2	Operator G	Private	29	18.6	1.5
3	Operator H	Private	26	18.4	1.5
4	Operator I	Private	18	16.4	1.3
5	Our Group	Private	20	14.3 ⁽²⁾	1.2
-	Others	—	1,340	1,137.3	91.5
-	Total	—	<u>1,502</u>	<u>1,242.0</u>	<u>100.0</u>

Source: Euromonitor estimates from desk research and trade interviews with artisanal bakery operators in Malaysia

Notes:

- (1) The ranking reported above has been determined via a fieldwork program consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the revenue numbers into the relevant categories which were covered in this study. For these companies as well as those companies that are included in the ranking table but are not publicly listed, Euromonitor has estimated the rankings based on estimates provided by various trade sources (i.e. not just the companies themselves) and seeking a consensus on these estimates as much as possible.
- (2) Revenue generated from our artisanal and bakery chain in Malaysia includes the income generated from (i) our self-operated bakery retail outlets, (ii) franchise and royalty fee income from our Bread Story Franchisees; and (iii) sales of bakery products, ingredients and consumables to our Bread Story Franchisees. For details, please refer to the section headed "Business — Artisanal bakery chain in Malaysia" in this prospectus.

REGULATORY OVERVIEW

SINGAPORE LAWS AND REGULATIONS

GOVERNMENT REGULATIONS, LICENCES, PERMITS, APPROVALS AND CERTIFICATES

A summary of the material licences, permits, approvals and certificates which we require to operate the Group's restaurants in Singapore are as follows:-

Type of licence	Licensing body	Description
Food shop licence	NEA	Under the Environmental Public Health Act (Chapter 95) of Singapore (" EPHA "), a licence is required to be obtained from the Director-General of Public Health appointed under section 3(1) of the EPHA (" Director-General of Public Health ") for the purposes of carrying on the business of a retail eating or catering establishment. The food shop licence is usually granted for a period of one year and is renewable at the discretion of the Director-General of Public Health and subject to such restrictions and conditions as the Director-General of Public Health may think fit.
Grading scheme for licensed eating establishments and food stalls	NEA	All licensed eating establishments and food stalls are appraised and graded by the NEA in order to motivate eating establishments to achieve and maintain high standards of overall hygiene and housekeeping. All food establishments in Singapore are awarded a grade ranging from A to D.
Liquor licence	Liquors licensing board of the police licensing and regulatory department, Singapore police force (" SPF ")	The Liquor Control (Supply and Consumption) Act 2015 of Singapore (" LCA ") requires any person who supplies any liquor to obtain a liquor licence (" Liquor Licence ").

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Type of licence	Licensing body	Description
Import licence or registration	AVA	All traders who wish to import, export or transship food products are required by law to either obtain a relevant trader's licence or register with AVA. A licence from the Director-General, Agri-Food and Veterinary Services appointed under section 3(1) of the Animals and Birds Act (Chapter 7) of Singapore ("Director-General, Agri-Food and Veterinary Services") is required when you are: • importing, exporting or transshipping meat and fish products; or • importing or transshipping fresh fruits and vegetables; or • importing fresh table eggs. Meanwhile, registration is required when you are importing processed food and food appliances (e.g. food ware).
Import permit	Singapore customs	Under the Regulation of Imports and Exports Regulations, save as otherwise provided therein, no goods shall be imported into, exported out of or transhipped in Singapore except in accordance with a permit granted by the Director-General of Customs appointed under section 4(1) of the Customs Act (Chapter 70) of Singapore ("Director-General of Customs").
Copyright music licence	Composers and authors society of Singapore ("COMPASS")	The proprietor of a business who provides music to the public in its premises is required to obtain a copyright music licence, which allows the licensee to use the repertoire of songwriters and composers protected by COMPASS.
Electrical installation licence	EMA	Under the Electricity Act (Chapter 89A) and the Electricity (Electrical Installations) Regulations, the use and operation of electrical and supply installations require licensing by the EMA to ensure that they are operated and maintained by licensed electrical workers and are safe to use.

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Type of licence	Licensing body	Description
Fire safety certificate	SCDF	Under section 29(1) of the Fire Safety Act (Chapter 109A) (“ 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 fire safety certificate (“ FSC ”) or a temporary fire permit (“ TFP ”) in respect of the completed fire safety works.
Certificate of fitness	Registered professional engineer	Under the Gas Supply Code issued by the EMA, for gas installation or gas fitting of non-residential premises operating at any pressure above 30 mbars, the responsible person may be required by the gas transporter (in discharging its obligations under section 29(4) of the Gas Act (Chapter 116A)) to appoint a professional engineer to certify annually the fitness for such part of the gas installation or gas fitting.

Save as disclosed below, as at the Latest Practicable Date, the business and operations of our Group are not subject to any specific legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore and Malaysia.

Singapore

The following is a summary of the main laws and regulations of Singapore that are material to our business as at the Latest Practicable Date.

(a) *The Environmental Public Health Act*

The EPHA requires any person who operates or uses a food establishment to obtain a food shop licence from the Director-General of Public Health. The relevant licensing body is the NEA.

Under the EPHA, “food establishment” which will require a food shop licence includes any retail food establishments 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 any catering establishments providing a catering service whereby food is prepared, packed and thereafter delivered to a consumer for his consumption or use. Any retail food establishments or catering establishments that are part of a food processing establishment governed by the Sale of Food Act (Chapter 283) of Singapore (“**Sale of Food Act**”) are exempted from obtaining a licence under the EPHA.

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The Environmental Public Health (Food Hygiene) Regulations (“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, *inter alia*:

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

The NEA also imposes a points demerit system whereby demerit points are given for each public health offence that is convicted in court or compounded depending on severity, ranging from 0 demerit points for minor offences to 6 demerit points for serious offences. Food establishments which accumulate 12 or more demerit points within any 12-month period is liable to have its licence to operate suspended for a certain period of time or be revoked, depending on past suspension records.

(b) *Grading scheme for licensed eating establishments and food stalls*

The NEA has implemented the Grading System for Eating Establishments and Food Stalls, a structured system of appraisal which motivates retail food establishments to achieve and maintain high standards of overall hygiene and housekeeping. Retail food establishments are assessed by the NEA and 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 more informed choices.

As at the Latest Practicable Date, all of our outlets in Singapore have attained either the A grade or B grade under the NEA’s grading system.

(c) *Liquor Control (Supply and Consumption) Act 2015*

The LCA requires any person who supplies any liquor to obtain a Liquor Licence. The governing body of the Liquor Licence is the SPF. Liquor Licences are valid for a one-year period. The Licensing Officer appointed under the LCA may, in its discretion, cancel or suspend a Liquor Licence where, *inter alia*, any information provided by the licensee in connection with the application was false or incorrect in a material respect or if the licensee is no longer a fit and proper person within the meaning under the LCA.

The LCA also requires any licensee holding a Liquor Licence to adhere to further requirements, such as not supplying any liquor or allowing any liquor to be consumed within the licensed premises outside of the trading hours specified in the Liquor Licence.

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(d) *Regulation of Imports and Exports Act*

The regulation, registration and control of imports and exports is governed by the Regulation of Imports and Exports Act (Chapter 272A) of Singapore (“**RIEA**”) and the relevant subsidiary legislations made thereunder. The RIEA is administered by the Director-General of Customs appointed under section 4(1) of the Customs Act (Chapter 70) of Singapore. The primary subsidiary legislation made under the RIEA is the Regulation of Imports and Exports Regulations (the “**RIER**”).

Under the RIER, save as otherwise provided therein, no goods shall be imported into, exported out of or transhipped in Singapore except in accordance with a permit granted by the Director-General of Customs.

An application for permit to import, export or tranship any goods is required to be made to the Director-General of Customs by (a) the importer, exporter, shipping agent, air cargo agent, freight forwarder or common carrier, as the case may be, or (b) a “declarant”, who have registered with the Singapore Customs.

A “declarant” means an individual who is authorised by a declaring agent to do any act or thing for the purposes of the RIEA or any regulations made thereunder on behalf of the declaring agent (including where the declaring entity is concurrently registered as that declaring agent).

A “declaring agent” means an entity making (through a declarant) an application under the RIEA or any regulations made thereunder to the Director-General of Customs for a permit, certificate or any other document or form of approval on behalf of a declaring entity (including where the declaring entity is concurrently registered as that declaring agent).

A “declaring entity” means any importer, exporter, shipping agent, air cargo agent, freight forwarder, common carrier or other person who desires to obtain a permit, certificate or any other document or form of approval for any purposes of the RIEA or any regulations made thereunder, the application for which involves a declaration being made.

Under Regulation 35B of the RIER, unless the Director-General of Customs allows in any particular case, no declaration may be made by a declarant for any purpose of the RIEA or any regulations made thereunder unless the declaring entity, the declaring agent and the declarant, are registered by the Director-General of Customs prior to the making of the declaration. An entity which is registered under the former Regulation 37(1) of the RIER in force immediately before 2 April 2013 shall be deemed to have been so registered.

(e) *Agri-Food and Veterinary Authority (licences and registration)*

All traders who wish to import, export or transship food products are required by law to either obtain a relevant trader’s licence or register with the AVA.

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A *licence* from the Director-General, Agri-Food and Veterinary Services is required when you are:

- importing, exporting or transshipping meat and fish products (under the Wholesome Meat and Fish Act (Chapter 349A) of Singapore (the “**WMFA**”)); or
- importing or transshipping fresh fruits and vegetables (under the Control of Plants Act (Chapter 57A) of Singapore (the “**COPA**”)); or
- importing fresh table eggs (under the Animals and Birds Act (Chapter 7) of Singapore (the “**AABA**”)).

Meanwhile, *registration* is required when you are importing processed food and food appliances (e.g. food ware). The registration to import processed food products and food appliances is free of charge. An applicant for an import permit with the Singapore customs will need to declare, *inter alia*, the registration number with the AVA.

The importer must also ensure that all food imports comply with the Sale of Food Act, the Food Regulations (“**Food Regulations**”), the WMFA, the COPA and the AABA (and the relevant subsidiary legislations made thereunder).

No person shall import any food that has not been registered with the Director-General, Agri-Food and Veterinary Services (unless imported under licences and permits issued by the Director-General, Agri-Food and Veterinary Services under the WMFA, the COPA and the AABA). Imported food is deemed registered if it is imported under a permit to import issued under the RIER.

(f) *Workplace Safety and Health Act*

The Workplace Safety and Health Act (Chapter 354A) of Singapore (the “**WSHA**”) 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 his employees at work.

These measures include, *inter alia*, providing and maintaining a work environment which is safe, 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 so that they can work safely.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“**CWSH**”) may, *inter alia*, 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.

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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 in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

(g) *Employment Act*

The Employment Act (Chapter 91) of Singapore (“**EA**”) is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA (“**relevant employees**”).

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the EA provides that a relevant employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the “**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employee(s) from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such relevant employees are employed.

(h) *Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016*

From 1 April 2016, under the Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016 (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 key employment terms (“**KETs**”) to employees covered under the EA.

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Further, from 1 April 2016, under the Employment (Administrative Penalties) Regulations 2016, MOM will set up a framework to treat less severe breaches of the EA 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;
- Provision of inaccurate information to the Commissioner for Labour or inspecting officer(s) without the intent to defraud or mislead.

(i) *Employment of Foreign Manpower Act*

(i) *General*

The Employment of Foreign Manpower Act (Chapter 91A) of Singapore (“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\$2,200.

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.

The availability of the foreign workers to the services industry is dependent on, *inter alia*, the policies of MOM in connection with:

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

(ii) *Approved source countries for service sector*

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

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(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 security bond will be returned 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 and any relevant law.

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

- subsidise medical expenses of the foreign worker (unless agreed otherwise);
- provide safe working conditions;
- provide acceptable accommodations consistent with any law or governmental regulations; and

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- 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.

The EFMR also requires employers of S Pass holders, *inter alia*, to:

- subsidise medical expenses of the foreign worker (unless agreed otherwise); 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.

In addition to the EFMA, an employer of foreign workers is also required to comply with, *inter alia*, the provisions in the EA, the Immigration Act (Chapter 133) of Singapore and the regulations issued pursuant to the Immigration Act.

(v) *Quota*

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.

The PRC work permit holders sub-quota is capped at 8% of the company's total (local + foreign) workforce.

The number of S Pass holders a company can hire is capped at 15% of the company's total (local + foreign) workforce. Note however, that the S Pass quota will be counted within the Work Permit quota.

As at the Latest Practicable Date, we had:

- 18 foreign employees and 31 of local employees employed under Bosses Co.;
- 15 foreign employees (of which two are letter of consent holders and hence do not count towards the foreign employee quota) and 20 of local employees employed under JC Dining; and
- 32 foreign employees (of which one is a letter of consent holder and hence do not count towards the foreign employee quota) and 47 of local employees employed under J W Central,

which is within the quota permitted by MOM. No employees are employed under JC Global.

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(vi) *Letter of consent*

The Letter of Consent (“**LOC**”) allows eligible dependant’s pass or long term visit pass (“**LTVP**”) holders to work in Singapore, provided that:

- The LTVP holder is married to a Singaporean or permanent resident.
- The dependent’s pass holder is a dependent of an employment pass, entrepass or personalised employment pass holder.

All other LTVP and dependent’s pass holders who do not fall within the categories above will need to apply for a separate work pass.

(j) *Work Injury Compensation Act*

The Work Injury Compensation Act (Chapter 354) of Singapore (“**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, *inter alia*, 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.

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 earning S\$1,600 or less a month, who are engaged under contracts of service (unless waived by the Minister by notification in the *Gazette*).

(k) *Personal Data Protection Act*

The Personal Data Protection Act 2012 (“**PDPA**”) establishes data protection governing the collection, use, disclosure and care of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in the circumstances. Under the PDPA, personal data means data, whether true or not, about an individual who can be identified from that data or other information which the organisation has or is likely to have access.

Under the PDPA, an organisation shall not collect, use or disclose personal data about an individual unless the individual gives or is deemed to have given his consent under the PDPA to its collection, use or disclosure. An individual is deemed to consent to the collection, use or disclosure of personal data if the individual voluntarily provides the personal information to the organisation and it is reasonable that the individual would do so. If an individual consents or is deemed to have given consent to the disclosure of the individual’s personal data from one organisation to another

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organisation for a particular purpose, the individual is also deemed to consent to the collection, use or disclosure of the personal data for that particular purpose by that other organisation. An organisation may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances, and that the individual has been informed of those purposes.

An individual may request an organisation to provide the individual with, as soon as reasonably possible, personal data about the individual that is in its possession or control and information about the ways in which the individual's personal data has been or may have been used or disclosed by the organisation within a year before the date of the request. The individual may also request that an organisation correct an error or omission in the personal data about the individual that is in its possession or control. Unless the organisation is satisfied on reasonable grounds that a correction should not be made, the organisation is required to correct the personal data as soon as practicable and if the individual consents, send the corrected personal data to every other organisation to which the personal data was disclosed by the organisation within a year before the date the correction was made unless that organisation does not need the corrected personal data for any legal or business purposes.

An individual may, on giving reasonable notice, withdraw any consent given or deemed given under the PDPA in respect of the collection, use or disclosure of personal data about the individual for any purpose. If an individual withdraws consent to the collection, use or disclosure of the individual's personal data, the organisation shall cease collecting, using or disclosing the personal data unless authorised under the PDPA. An organisation shall also cease to retain documents containing personal data or remove any means by which the personal data can be associated with the individual as soon as it is reasonable to assume that the purpose for which the personal data was collected is no longer being served and retention is no longer necessary for legal or business purposes.

Additionally, the PDPA establishes the do not call register (“**DNCR**”). A subscriber to a Singapore telephone number may apply to the DNCR to add or remove that telephone number from the DNCR. Under the PDPA, an organisation shall not send any specified messages addressed to the Singapore telephone number unless the organisation has applied to confirm and have received confirmation from the Personal Data Protection Commission designated under sections of the PDPA that the Singapore telephone number is not listed in the DNCR. Specified messages are messages where, having regard to, *inter alia*, its contents and presentation, it could be concluded that the purpose of the message is to offer, advertise, promote or supply goods or services, land, business or investment opportunity.

Each of Bosses Co., J W Central and JC Dining have adopted data protection policies in line with the PDPA. Prior to such adoption, these companies do not collect personal data of customers and had not made any tele-marketing calls or sent text messages to their customers since the commencement of the DNCR.

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(l) *Electricity Act*

Under section 67(1) of the Electricity Act (Chapter 89A) of Singapore, no person shall (a) use, work or operate or permit to be used, worked or operated any electrical or supply installation; or (b) supply to or for the use of any other person electricity from any electrical or supply installation, except under and in accordance with the terms of an electrical or supply installation licence granted by the EMA under this section authorising such use, work, operation or supply.

If the premises is excluded under section 2(2) of the Electricity (Licensing of Electrical and Supply Installations) (Exemption) Notification or the approved load for the premises does not exceed 45 Kilo volt ampere, an electrical installation licence is not required.

(m) *Fire Safety Act*

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 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. Failure to comply with this is an offence under the Fire Safety Act.

(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 timeframe to obtain the FSC after issuance of the TFP will depend on the size, type and complexity of the project. Normally, a maximum of 6 months will be granted.

An application for a FSC/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 to 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 have 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, 2 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.

REGULATORY OVERVIEW

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; and “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 (a) their architects registered as architects under the Architects Act (Chapter 12) of Singapore and have in force practising certificates issued thereunder; or (b) their professional engineers registered as professional engineers under the Professional Engineers Act (Chapter 253) 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 in the project.

(n) *Gas Supply Code*

Under the Gas Supply Code issued by the EMA, for gas installation or gas fitting of non-residential premises operating at any pressure above 30 mbars, the responsible person may be required by the gas transporter (in discharging its obligations under section 29(4) of the Gas Act (Chapter 116A)) to appoint a professional engineer to certify annually the fitness for such part of the gas installation or gas fitting. The professional engineer shall issue a certificate of fitness. If any person fails to comply with the inspection notice, the gas transporter may arrange with the gas retailer to discontinue or disconnect the supply of gas.

(o) *Copyright Act*

Under the provisions of the Copyright Act (Chapter 63) of Singapore (“**Copyright Act**”), copyright infringement may amount to a criminal offence and owners of a copyright may also bring civil action for infringement of their copyrights. In general, a person who does any act that constitutes a wilful infringement of a copyright and the extent of such infringement is significant and/or the person does the act to obtain a commercial advantage, the person shall be guilty of an offence and shall be liable to a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding six months or to both in respect of a first offence and, in the case of a second or subsequent offence, to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding 3 years or to both.

Under the provisions of the Copyright Act, in a civil action for an infringement brought by the owner of the copyright, the types of relief that the court may grant include injunction, damages, an account of profits, or statutory damages of not more than S\$10,000 for each work but not more than S\$200,000 in the aggregate (unless the plaintiff proves that his actual loss from such infringement exceeds S\$200,000). The Copyright Act does not stipulate the minimum or maximum damages our Group may be liable to. However, the court generally takes the stance that the damages awarded under the Copyright Act in relation to civil actions are meant to be compensatory.

REGULATORY OVERVIEW

MALAYSIA LAWS AND REGULATIONS

OVERVIEW OF MALAYSIAN LAWS AND REGULATIONS

As at the Latest Practicable Date, our Group owns a artisanal bakery chain in Malaysia. A summary of salient Malaysian legal and regulatory frameworks that may be applicable in our business operations are as follows:-

(a) **Laws and regulations relating to business operation**

The Local Government Act 1976

It is a requirement for a company carrying out business in Malaysia to obtain a business licence for each operating premise from the relevant local authority which is empowered under the Local Government Act 1976 (“**LGA 1976**”).

LGA 1976 confers the power to the local authority to make by-laws which provide that no person shall use any premise within the jurisdiction of respective Municipal Council without a licence issued by respective Municipal Council.

The validity of the business licence granted by the local authority shall be valid for a period not exceeding three years and subject to renewal. Every person to whom a licence has been granted shall exhibit his licence at all times in some prominent place on the licensed premises and shall produce such licence if required to do so by any officer of the local authority authorised to demand the same. It is provided under LGA 1976 that any person who fails to exhibit or to produce such licence shall be liable to a fine not exceeding RM500 or to imprisonment for a term not exceeding six months or to both.

It is provided under LGA 1976 that for in relation to any prosecution for an offence under LGA 1976 and Trades By-Laws, where an offence has been committed by any body corporate, any person who at the time of the commission of such offence was a director, general manager, secretary or other similar officer of the body corporate or was purporting to act in any such capacity, shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that having regard to the nature of his functions in that capacity and to all the circumstances he took all reasonable means and precautions to prevent the commission of the offence.

Franchise Act 1998

The Franchise Act 1998 (“**FA 1998**”) regulates the franchising industry as it not only controls the terms of any franchise agreement but also implements a systematic scheme of registration for the franchisor, franchisee, franchise consultants and franchise brokers.

Section 6 of the FA 1998 provides that a franchisor shall register his franchise with the Ministry of Domestic Trade, Co-operatives and Consumerism before he can operate a franchise business.

REGULATORY OVERVIEW

Any franchisor who fails to register its franchise, unless exempted, shall be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

Section 18 of the FA 1998 provides that all the franchise agreement shall be in writing and shall contain all the information listed under section 18(2) of the FA 1998. Failure to comply the same shall render the franchise agreement null and void. All franchise agreements shall also contain a cooling off period not less than seven working days, during which, the franchisee has the option to terminate the agreement. FA 1998 also provided the permission to collect and impose fees, which includes the franchisee fee, royalty and promotion fee as deemed necessary by the franchisor and the guaranteed of the fixed franchise term of not less than five years for every franchise agreement.

(ii) Laws and regulations relating to food production and food safety

Food Act 1983

The Food Act 1983 (“**FA 1983**”) (together with the Food Regulations 1985) was enacted to protect the public against health hazards and fraud in the preparation, sale and use of food, and for matters incidental thereto or connected therewith.

The FA 1983 is applicable to all foods sold in Malaysia either locally produced or imported, covers a broad spectrum from compositional standards to food additives, nutrient supplements, contaminants, packages and containers, food labelling, procedure for taking samples, food irradiation, provision for food not specified in the regulations and penalty.

Sections 13 to 17 of FA 1983 provides that any persons that prepare and sell food containing substances injurious to health, unfit for human consumption, and adulterated food commits an offence under the Act and shall be liable, upon conviction to a fine that could range from RM20,000 to RM100,000 respectively or to imprisonment for a term ranging from five to ten years or both fine and imprisonment. In addition, the Director General of Health may, by notice in writing, order that food be recalled, removed or withdrawn from sale from any food premises.

Further, it is also an offence under FA 1983 for the preparation, packaging, labelling or sale of food that among others is misleading as to its character, quality, composition or safety.

FA 1983 prohibits any person, who, for the purpose of affecting or promoting the sale of any food, publishes any advertisement that is inconsistent with any particulars required under by the regulations or is likely to deceive a purchaser as to the character, quality, composition or purity of the food.

Section 18 of FA 1983 provides that in addition to fine and imprisonment, the Court may also cancel any licences issued to such persons under this Act or any regulation made thereunder.

REGULATORY OVERVIEW

Food Regulation 1985

Regulation 9 of the Food Regulations 1985 (“**FR 1985**”) provides that no person shall advertise for sale or sell food contained in a package if the package does not bear all the particulars required to be contained on a label required by the regulations; or if the label contains something that is prohibited by the regulations; or if the label contains particulars that are not in the position or manner required by these regulations.

Pursuant to regulation 11 of the Food Regulations 1985 (“**FR 1985**”) every package containing food for sale shall include among others, the appropriate designation of the food containing the common name of its principal ingredients. In some cases, specific statements are further required. For example, in the case of food containing beef, alcohol or pork, its derivatives or lard, the label must contain a statement as to the presence of the same.

The FR 1985 also provides that the particulars to be set out must appear conspicuously and prominently in a label on a food product. Every label must be legibly and durably marked either on the material of the package or on material firmly and permanently attached to the package. Regulation 10 provides that the statement appearing on the label shall be in the Malay language if the food is produced or packaged in Malaysia or in Malay or English language if it is imported.

Regulation 14 FR 1985 also provides that no person shall advertise for sale or sell the types of food listed in the schedule unless it is date marked. Date marking is defined as a date permanently marked or embossed on the package or label on the package signifying the expiry date or date of minimum durability. Expiry date is defined as the date after which the food, when kept in accordance with any storage conditions set out in the label, may not retain the quality attributes normally expected by a consumer. Date of minimum durability on the other hand means the date until which the food, when kept in accordance with any storage conditions set out in the label, will retain any specific qualities for which tacit or express claim has been made.

Food packaged on any retail premises in such a manner that customer may himself select the package shall be completely sealed in the case of plastic package or in the case of paper package, the open end of the package shall be folded over and secured by adhesive.

Regulation 397 of FR 1985 provides that any person who contravenes or fails to comply with the provisions of FR 1985 commits an offence and where no penalty is provided by the FR 1985, the offender will be liable to a fine not exceeding RM5,000 or imprisonment of a term not exceeding two years.

Food Hygiene Regulation 2009

Regulation 3 of the Food Hygiene Regulation 2009 (“**FHR 2009**”) prohibits any person from using any food premises for the purposes or in connection with the preparation, preservation, packaging, storage, conveyance, distribution or sale of any food or the relabeling, reprocessing or reconditioning of any food unless the premises is registered with the Ministry of Health. FHR 2009

REGULATORY OVERVIEW

provides that among others all food premises involved in the manufacturing of food and premises where food is prepared, processed, stored or served for sale shall be licensed. Failure to comply with the same constitute an offence under FHR 2009 and upon conviction shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

The Director General of Health shall on being satisfied with the information and particulars of the application issue a certificate of registration. The said certificate shall be valid for a period not exceeding three years from the date of its issuance. An application for renewal of the certificate of registration shall be made at least 30 days before its expiry. Failure to comply with the same constitute an offence under FHR 2009 and upon conviction shall be liable to a fine not exceeding RM10,000 or to imprisonment for a term not exceeding two years.

The certificate of registration, upon issuance, shall be conspicuously displayed in the food premises. The proprietor, owner or occupier of the food premise shall also conspicuously display a notice at the toilet, changing facility or wash-basins facility at the food premise reminding food handlers to wash their hands before commencing work or handling food. Further, a notice shall also be displayed at the entrance of food premises prohibiting any persons from bringing in animals into the food premises.

Failure to display the notices abovementioned constitutes an offence under the FHR 2009 and could result in a fine not exceeding RM10,000 or term of imprisonment not exceeding two years.

The FHR 2009 also provides for general duties of the proprietor, owner or occupier and food handlers in relation to the training of food handlers, cleanliness of food premises, preparing, packing and serving of food and storage, exposure and display of food for sale.

(iii) **Laws and regulation relating to consumer protection**

Consumer Protection Act 1999

The Consumer Protection Act 1999 (“**CPA 1999**”) is an act enacted to provide greater protection for the consumer. All the products shall meet the requisite safety standards including:-

- (i) the performance, composition, contents, manufacture, processing, design, construction, finish or packaging of the goods;
- (ii) the testing of the goods during or after manufacture or processing;
- (iii) the form and content of markings, warnings or instructions to accompany the goods.

The person supplying or offering to supply the goods or services shall adopt and observe a reasonable standard of safety to be expected by a reasonable consumer, due regard being had to the nature of goods or services concerned.

REGULATORY OVERVIEW

There is an implied guarantee that all the goods supplied are of an acceptable quality. The goods shall be deemed to be of acceptable quality if they are fit for all purposes for which goods of the type in question are commonly supplied; acceptable in appearance and finish; free from minor defects; safe and durable. A reasonable consumer fully acquainted with the state and condition of the goods, including any hidden defects, would regard the goods as acceptable having regard to:-

- (i) the nature of the goods;
- (ii) the price;
- (iii) any statements made about the goods on any packaging or label on the goods;
- (iv) any representation made about the goods by the supplier or the manufacturer; and
- (v) all other relevant circumstances of the supply of the goods.

Failure to comply the same will on conviction be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

Trade Description Act 2011

The relevant provisions of “halal”, i.e. safe to be consumed by a muslim in Malaysia has been governed under the Trade Descriptions Act 2011 (“**TDA 2011**”). The Department of Islamic Development Malaysia and State Islamic Religious Council, are the responsible authority in the affairs of halal in Malaysia. The main objection of TDA 2011 is to promote a good trade practice by prohibiting false trade descriptions and false or misleading statements, conducts and practices in relation to the supply of goods and services and to provide for matters connected therewith or incidental thereto.

Pursuant to the Trade Descriptions (Certification and Marking of Halal) Order 2011 (“**TDO 2011**”), all the foods and goods cannot be described as “halal” or described in any other way to show that the food or goods can be consumed and used by Muslims unless it is certified by the competent authority as halal or be marked with the logo as specified in the first schedule of the TDO 2011.

Any person who has (i) applies a false trade description to any goods; (ii) supplies or offers to supply any goods to which a false trade description is applied; or exposes for supply or has in his possession, custody or control for supply any goods to which a false trade description is applied, commits an offence and shall, on conviction, be liable, if such person is a body corporate, to a fine not exceeding RM250,000, and for a second or subsequent offence, to a fine not exceeding RM500,000.

REGULATORY OVERVIEW

(iv) **Laws and regulations relating to intellectual properties rights**

The Trade Marks Act 1976

It is provided under the Trade Marks Act 1976 (“**TMA 1976**”) that the valid registration of a person as registered proprietor of a trade mark (other than a certification trade mark) in respect of any goods or services shall be given or be deemed to have been given to that person the exclusive right to the use of the trade mark in relation to those goods or services subject to any conditions, amendments, modifications or limitations entered in the register of trade marks kept under TMA 1976. Only the proprietor of a registered trademark may claim for trademark infringement under TMA 1976.

A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it, as it is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered.

A trade mark, once registered with the Malaysian Intellectual Property Corporation (“**MyIPO**”) is valid for 10 years and may be renewed every 10 years.

Proceedings for trade mark infringement can be initiated when a person other than the registered user or proprietor uses a mark identical to, or resembling, the registered mark so that it is likely to deceive, or cause confusion, in the course of trade in relation to goods in respect of which the trade mark is registered.

The common law protection towards unregistered trade marks

Despite the non-registration of the trademark under the TMA 1976, there is an alternative cause of action for passing off goods or services under common law. To succeed in a valid cause of action for passing off, the following requirements shall be satisfied:-

- (a) the mark used by the other party is a misrepresentation;
- (b) it is made by a trader in the course of trade;
- (c) it is in the course of trade to prospective customers of his or ultimate consumers of goods or services supplied by him;
- (d) It is calculated to injure the business or goodwill of another trader; and
- (e) It causes actual damage to a business or goodwill of the trader by whom the action is brought.

(v) **Laws and regulations relating to the environment protection**

The Environmental Quality Act 1974 (“**EQA 1974**”) restricts pollution of the atmosphere, noise pollution, and soil pollution. It also prohibits unlicensed discharge of oil and wastes into Malaysian waters, and prohibits open burning.

REGULATORY OVERVIEW

The Environmental Quality (Schedule Waste) Regulations 2005 (“**EQSWR 2005**”) is the relevant regulation which may apply to the Company in governing the disposal of special type of waste named in the first schedule of EQSWR 2005.

Any person who place, deposit or dispose of the scheduled waste in contravene with EQA 1974 and EQSWR 2005 shall be guilty of an offence and shall be liable to a fine not exceeding RM500,000 or to imprisonment for a term not exceeding 5 years or both.

EQA 1974 further provides that where an offence against EQA 1974 or any regulations made thereunder has been committed by a company, firm, society or other body of persons, any person who at the time of the commission of the offence is a director, chief executive officer, manager, or other similar officer or a partner of the company, firm, society or other body of person or was purporting to act in such capacity shall be deemed to be guilty of that offence unless he proves that the offence was committed without his consent or connivance and that he has exercised all such diligence as to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

Pursuant to section 45 of EQA 1974, the Director General or any Deputy Director General of Environmental Quality or any other public officer or any local authority to which the Director General of Environmental Quality has delegated such power in writing, may compound any offence under EQA 1974 or the regulations made thereunder which is prescribed by the Minister to be a compoundable offence with a compound or fine not exceeding RM2,000.

(vi) **Laws and regulations relating to employment and labour protection**

The Industrial Relations Act 1967

The Industrial Relations Act 1967 (“**IRA 1967**”) provides the legal framework and procedures for employees who have been unfairly dismissed and/or constructively dismissed by their employers. The IRA 1967 provides an avenue to seek redress via the Malaysian industrial court, which specialises in handling industrial relation matters only.

The Employment Act 1955

The Employment Act 1955 (“**EA 1955**”) regulates all labour relations including contracts of service, payment of wages, employment of women, maternity protection, rest days, hours of work, holidays, termination, lay-off and retirement benefits, employment of foreign employees and keeping of registers of employees.

For the purpose of EA 1955, Employment (Amendment) Act 2012 (“**EAA 2012**”) provides that ‘employee’ means any person, irrespective of his occupation, who has entered into a contract of service with an employer under which such person’s wages do not exceed RM2,000 a month and employees involve in manual labour, supervisors of such manual labourers and drivers, irrespective of their monthly wages. In the event of inconsistencies between the terms of employment contract and the minimum standards of the EA 1955, the more favourable terms will be enjoyed by the employees.

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Every employer is required to prepare and keep the registers of employees in the prescribed form. Unless otherwise permitted by the Director General of Labour, the register of employees is required to be kept under Employment Regulations 1957 (“**ER 1957**”) in the office within the place of employment where employees are employed and the employer shall make such register of employees available for inspection by the Director General of Labour as and when required to do so.

Any person who commits any offence under, or contravenes any provision of EA 1955, or any regulations, order or other subsidiary legislation whatsoever made thereunder, in respect of which no penalty is provided, shall be liable, on conviction, to a fine not exceeding RM10,000.

The Employment (Restriction) Act 1968

The Employment (Restriction) Act 1968 (“**ERA 1968**”) provides that no person shall employ in Malaysia, a non-citizen unless there has been a valid employment permit issued. Upon obtaining the approval from the Ministry of Home Affairs, a company is required to submit applications for Visit Pass (Temporary Employment) to the Foreign Workers Division, Immigration Department of Malaysia. The approval of the Visit Pass (Temporary Employment) can be revoked if its conditions are contravened. Failure to comply will result the employer being fined not exceeding RM5,000 or to imprisonment for a term not exceeding one year or both wherein “employer” is defined under ERA 1968 as any person who has entered into a contract of service to employ any other person as an employee includes the agent, manager or factor of such first mentioned person.

The Employees Provident Fund Act 1991

The Employees Provident Fund (“**EPF**”) is a social security institution formed in accordance to the Employees Provident Fund Act 1991 (“**EPFA 1991**”) providing for the retirement benefits for employees through management of their savings in an efficient and reliable manner.

Under EPFA 1991, both the employer and employee are required to make contributions into the employee’s individual account in the EPF. The employers are required to contribute EPF to employees who are Malaysian citizens or permanent residents. Expatriates and foreign workers, who are not Malaysian citizens or permanent residents are not required to contribute EPF unless they elect to do so. The amount is calculated based on the monthly wage of the employee and the contribution rate is based on the wage or salary received by the employee. The rate of contribution for employers and employees effective on 1 March 2016 are as follows:-

MALAYSIAN CITIZENS AND PERMANENT CITIZENS		
Contributed by	Employer	Employee
Up age 60	12%	8%
Above age 60	6%	4%

However, for the employees who wish to maintain their employees’ share contribution rate at 11% must complete and sign the Form KWSP 17A (Khas2016) and submit it to their respective employers.

REGULATORY OVERVIEW

If the employer fails to make the required contribution to the EPF within the prescribed period, the company and the directors are liable to pay in respect of or on behalf of any employee shall, on conviction, be liable to imprisonment for a term not exceeding three years or to a fine not exceeding RM10,000 or to both.

The Employees' Social Security Act 1969

Social Security Organization (“**SOC SO**”) was mandated to administer and enforce the Employees' Social Security Act 1969 (“**ESSA 1969**”) and Employee Social Security General Rules 1971 (“**ESSGR 1971**”). Through the ESSA 1969 and ESSGR 1971, SOC SO is able to provide free medical treatment, facility for physical or vocational rehabilitation, and financial assistance to employees if they have lost their abilities due to accidents or disease that have reduced their abilities to work or rendered them incapacitated.

Before 1 June 2016, ESSA 1969 covers all employees who work under employers with a monthly salary RM3,000 or below. Amendment effective from 1 June 2016 with the ESSA 1991, all the employees whom being employed under an employer under contract of service or apprenticeship in private sector is required to be insured. The ceiling of wages for contribution payment is capped at RM4,000.

The contribution to employee under ESSA 1969 shall comprise the contribution by the employer and employee respectively. The contributions shall fall into the following two categories, namely:-

- (a) First category (employment injury and invalidity schemes) - The rates of contribution under this category comprise of 1.75% employer's share and 0.5% employee's monthly wages;
- (b) Second category (employment injury scheme) - The rates of contribution under this category is 1.25% of the employee's monthly wages solely borne by the employer.

If the employer fails to make the required contribution to SOC SO, the company and the directors shall be punishable with imprisonment for a term which may extend to two years, or with fine not exceeding RM10,000 or with both. Court may also order the employer to pay to the SOC SO the amount of any contributions, together with any interest credited on it, due and payable to SOC SO.

The Minimum Wages Order 2016

The Minimum Wages Order 2016 imposes minimum wages on all employees.

The current minimum wages of employees in Peninsular Malaysia is RM1,000 per month whereas the current minimum wages of employees in Borneo Malaysia is RM920 per month.

The Occupational Safety and Health Act 1994

The Occupational Safety and Health Act 1994 (“**OSHA 1994**”) provides a legislative framework to promote standards for safety and health at work. The safety, health and welfare of persons at work are regulated under OSHA 1994 which is under the purview of the Department of Occupational Safety and Health, Ministry of Human Resources.

REGULATORY OVERVIEW

Pursuant to the provisions contained the OSHA 1994, the employer has a duty to ensure:-

- (i) so far as is practicable, the safety of the operation of the plant and systems of works;
- (ii) the safety and the absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
- (iii) that the provision of such information, instruction training and supervision as is necessary to ensure, so far as practicable, the safety and health at work of his employees;
- (iv) so far as is practicable, as regards any place of work under control of the employer, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
- (v) the provision and maintenance of working environment for his employees that is, so far as is practicable, safe, without risks to health and adequate as regards facilities for their welfare at work.

The employer shall prepare and as may be appropriate revise the general policy with respect to the safety and health at work of his employees. A guidelines in relation to the occupational safety and health issue in the service sector was issued by the Department of Occupational Health and Safety for the employers involved in the service sector.

(vii) **Taxation**

The Income Tax Act 1967

Pursuant to the Income Tax Act 1967 (“**ITA 1967**”), income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.

A company will be a tax resident in Malaysia if its management and control is exercised in Malaysia. In normal circumstances, the place where the directors’ meetings are held concerning management and control of the company will be considered in determining where the management and control is exercised.

Resident companies with a paid- up capital of RM2,500,000 or more and non-resident companies are subject to a tax rate of 24% with effect from year of assessment 2016. In cases of resident companies with a paid up capital of RM2,500,000 or less, they are taxed at the rate of 19% for the first RM500,000 and 24% for any sum in excess of RM500,000. The rates described will not apply if such resident company is a member of a group of companies where any of its related company has a paid up capital of RM2,500,000 or more.

REGULATORY OVERVIEW

Withholding tax is applicable to corporations making payments for certain types of income to non-residents as prescribed under the ITA 1967. However, Malaysia does not levy withholding tax for dividends paid by a company incorporated in Malaysia to non-resident shareholders.

The Goods and Services Tax 2014

The Goods and Services Tax 2014 (“**GSTA 2014**”) provides that goods and services tax (“**GST**”), presently at 6%, is chargeable on all taxable supplies of goods and services made in the course or furtherance of a business in Malaysia and importation of goods into Malaysia by a taxable person. A taxable person is a person who makes taxable supplies in Malaysia with annual turnover exceeding RM500,000 and who is required to be registered with the Royal Malaysian Customs.

Any person who intends to evade or to assist any other person to evade tax commits an offence and shall on conviction, be liable, in relation to first offence, to a fine not less than 10 times and not more than 20 times the amount of tax or to imprisonment for a term not exceeding five years or to both and in relation to second and subsequent offence, to a fine not less than 20 times and not more than 40 times the amount of tax or to imprisonment for a term not exceeding seven years or to both.

(viii) **Foreign exchange control**

The Financial Services Act 2013

The business of the Group in Malaysia is subject to foreign exchange laws and regulations in Malaysia.

There are foreign exchange policies in Malaysia which support the monitoring of capital flows into and out of the country in order to preserve its financial and economic stability. The Financial Services Act 2013 (“**FSA**”) provides regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Foreign Exchange Administration provides for the regulation and supervision of financial institutions, payment systems and other relevant entities and the oversight of the money market and foreign exchange market to promote financial stability and for related, consequential or incidental matters.

Pursuant to Notice 4 issued by Central Bank of Malaysia, a non-resident is allowed to repatriate funds from Malaysia, including any income earned or proceeds from divestment of ringgit asset, provided that the repatriation is made in foreign currency.

Foreign exchange administration rules allow non-residents to remit out divestment proceeds, profits, dividends or any income arising from investments in Malaysia. Repatriation, however, must be made in foreign currency.

REGULATORY OVERVIEW

Based on the aforementioned, the Company is free to remit out divestment proceeds, profits, dividends or any income arising from the investments in Malaysia to its overseas holding company.

However, there is no assurance that the relevant rules and regulations on foreign exchange control in Malaysia will not change. Any future restriction on repatriation of funds may limit the Company's ability to repatriate dividends or distribution to the Company and could adversely affect the Group's financial condition.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

We are a food and beverage group that owns and operates award-winning restaurants in Singapore under different brands and owns a long established and one of the largest artisanal bakery chains in Malaysia according to the Euromonitor Report. Our Group's business was founded by Ms. Low, our executive Director, chairlady of the Board and chief executive officer, in 2002, when she incorporated Bread Story Co., our operating subsidiary in Malaysia, to develop our artisanal bakery chain under our "Bread Story" brand. Over the years, our Group has grown our artisanal bakery chain in Malaysia significantly, and has diversified our business portfolio to include dining operations in Singapore under the brands "Central Hong Kong Café", "Black Society" and "Greyhound Café" through a number of operating subsidiaries incorporated in Singapore by Ms. Low. For details, please see the paragraph headed "— History and Corporate Development" in this section.

As at the Latest Practicable Date:

(i) we owned and operated:

- six Hong Kong "Cha Chaa Teng (茶餐廳)" style restaurants in Singapore under the "Central Hong Kong Café" brand;
- one innovative and contemporary Chinese cuisine restaurant in Singapore under the "Black Society" brand;

(ii) we operated one modern, stylish and trendy Thai style restaurant under the "Greyhound Café" brand as the exclusive franchisee of such brand in Singapore; and

(iii) we operated a total of 20 bakery retail outlets under our "Bread Story" brand across Malaysia, of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets.

On 22 May 2017, Ms. Low incorporated our Company as the listing vehicle of our Group for the purpose of the Listing. Through a series of issue and allotment and transfer of shares in the subsidiaries in our Group, the Reorganisation was completed in August 2017, whereby all such subsidiaries become wholly-owned subsidiaries of our Company. For details, please see the paragraph headed "— Reorganisation" in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

BUSINESS MILESTONES

The following table sets forth a summary of our key achievements and business milestones since our establishment in 2002:

Year	Milestone Events
2002	• Bread Story Co. was established • Opened our first “Bread Story” bakery retail outlet in Malaysia
2004	• Started franchising our “Bread Story” brand in Malaysia • Opened our first “Central Hong Kong Café” restaurant in Holland Village, Singapore
2006	• Opened our “BOSES” restaurant at the VivoCity, Singapore
2009	• Acquired a building for the operation of our Central Bakery and corporate office in Kuala Lumpur, Malaysia
2014	• Renamed our “BOSES” restaurant to “Black Society” restaurant
2016	• Opened our fourth and fifth “Central Hong Kong Café” restaurants at Resort World Sentosa and Wheelock Place in Singapore, respectively • Opened our first “Greyhound Café” restaurant at Paragon on Orchard Road, Singapore, as the brand’s exclusive franchisee in Singapore
2018	• Opened our sixth “Central Hong Kong Café” restaurant at Northpoint City in Singapore

HISTORY AND CORPORATE DEVELOPMENT

Our founder

Our Group was founded by Ms. Low when she incorporated Bread Story Co. in Malaysia in 2002, which opened the first “Bread Story” bakery retail outlet in Malaysia in 2002. For biographical details of Ms. Low, please see the section headed “Directors and Senior Management — Board of directors — Executive Directors — Ms. LOW Yeun Ching@Kelly Tan (劉婉貞)” in this prospectus.

Under the management of Ms. Low, our Group had, since 2004, diversified its businesses to include dining operations in Singapore as summarised in “— Operating subsidiaries during the Track Record Period”. In addition, in 2003, BSBJ (a company incorporated in 2003 and voluntarily struck off in July 2017) also ventured into franchising our “Bread Story” brand into other jurisdictions, including Indonesia, the Philippines, Kuwait, the United Arab Emirates, Saudi Arabia and Australia (collectively, the “Overseas Franchised Regions”). Upon expiry of the respective franchise agreements in 2015, Ms. Low decided not to renew any of these franchise agreements in the Overseas Franchised Regions in order to focus on our artisanal bakery chain in Malaysia and dining operations in Singapore. For details, please refer to the paragraphs headed “— Cessation of certain business prior to or during the Track Record Period” in this section.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Operating subsidiaries during the Track Record Period

During the Track Record Period, our business and financial results were contributed primarily by four operating subsidiaries, namely, Bread Story Co., J W Central, Bosses Co. and JC Dining.

Bread Story Co.

Bread Story Co. was incorporated on 24 May 2002 in Malaysia as an operating company to principally engage in operating our “Bread Story” artisanal bakery chain in Malaysia. At incorporation, Bread Story Co. had an issued share capital of RM100 divided into 100 ordinary shares, held as to 98 shares by Ms. Low, one share by Ms. Shirley Tan and one share by Mr. Wong Kam Fook, both of whom are Ms. Low’s distant relatives.

Subsequent to a series of share transfer and allotment of shares in Bread Story Co., since November 2005 and immediately prior to the commencement of the Reorganisation, Bread Story Co. had an issued share capital of RM1,000,000 divided into 1,000,000 ordinary shares, of which 984,000 ordinary shares were held by Ms. Low and 16,000 ordinary shares were held by Mr. Sean Low.

In 2002, Bread Story Co. opened our first “Bread Story” bakery retail outlet in Malaysia. In 2004, we began franchising our “Bread Story” brand in Malaysia. Over the years, we have expanded the coverage of our artisanal bakery in Malaysia. As at the Latest Practicable Date, Bread Story Co. operated a total of 20 bakery retail outlets under the “Bread Story” brand, of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets, and one Central Bakery.

For the historical changes of our artisanal bakery chain in Malaysia and the details of the self-operated bakery retail outlets closed during the Track Record Period, please refer to the paragraph headed “Business — Operational performance of our artisanal bakery chain in Malaysia — Historical changes of our artisanal bakery chain in Malaysia” in this prospectus.

Bosses Co.

Bosses Co. was incorporated on 26 June 2006 in Singapore as an operating company to principally engage in our “Black Society” restaurant, the innovative and contemporary Chinese cuisine dining operation in Singapore. At incorporation, Bosses Co. had an issued share capital of S\$2 divided into 2 ordinary shares, held as to 100% by Ms. Low.

Subsequent to a series of share transfers and allotment of shares in Bosses Co., Ms. Low has been the sole shareholder of Bosses Co. since September 2008 and immediately prior to the commencement of the Reorganisation. Since February 2013 and immediately prior to the commencement of the Reorganisation, Bosses Co. had an issued share capital of S\$500,000 divided into 500,000 ordinary shares and was 100% legally and beneficially owned by Ms. Low.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

In 2006, Bosses Co. opened our innovative and contemporary Chinese cuisine restaurant under the “BOSES” brand in VivoCity, Singapore. The “BOSES” restaurant offers customers with innovative and contemporary Chinese cuisine in a stylish and black-coloured themed setting. In 2014, the restaurant was renamed from “BOSES” to “Black Society” to further emphasise the aforesaid theme. As at the Latest Practicable Date, Bosses Co. continues to own and operate one restaurant under the “Black Society” brand at VivoCity in Singapore.

J W Central

J W Central was incorporated on 23 July 2007 in Singapore as an operating company to principally engage in “Central Hong Kong Café” restaurant, the Hong Kong “Cha Chaan Teng (茶餐廳)” style dining operation in Singapore. At incorporation, J W Central had an issued share capital of S\$2 divided into 2 ordinary shares, held as to 50% by Ms. Low and 50% by Mr. Chiu, our executive Director, respectively. In view of the restructuring and consolidation of the Group’s business, in September 2015, based on arm’s length commercial negotiations between Ms. Low and Mr. Chiu, Mr. Chiu transferred the one share he held in J W Central to Ms. Low, which was approximately 0.00029% of the then issued share capital of J W Central at the consideration of S\$1, as Mr. Chiu did not make any capital contribution to J W Central when he first acquired the one share in J W Central.

Since then and immediately prior to the commencement of the Reorganisation, J W Central had an issued share capital of S\$350,000 divided into 350,000 ordinary shares, and was 100% legally and beneficially held by Ms. Low.

In 2004, our first “Central Hong Kong Café” restaurant as a Hong Kong “Cha Chaan Teng (茶餐廳)” style restaurant, was opened in Holland Village, Singapore and operated by Central Co., a company which was solely owned by Ms. Low since its incorporation in July 2004. Due to the Group’s restructuring and consolidation of business, the operations of most of our subsequently opened “Central Hong Kong Café” restaurants were managed by J W Central since its incorporation in July 2007. Central Co. was voluntarily struck off in July 2017. During the Track Record Period, Central Co. did not generate any revenue. For details, please refer to the paragraph headed “Cessation of certain businesses prior to or during the Track Record Period” in this section. As at the Latest Practicable Date, J W Central owned and operated a total of six “Central Hong Kong Café” restaurants with one at each of Jurong Point, Resorts World Sentosa, Star Vista, VivoCity, Wheelock Place and Northpoint City in Singapore.

JC Dining

JC Dining was incorporated on 16 May 2016 in Singapore as an operating company to principally engage in our franchised “Greyhound Café” restaurant, the modern, stylish and trendy Thai style dining operation and the “Greyhound Café” brand’s exclusive franchisee in Singapore. At incorporation, JC Dining had an issued share capital of S\$350,000 divided into 350,000 ordinary shares, solely owned by Ms. Low. Immediately prior to the commencement of the Reorganisation, JC Dining had an issued share capital of S\$500,000 divided into 500,000 ordinary shares, and was 100% legally and beneficially owned by Ms. Low.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

On 15 November 2016, JC Dining entered into a franchise agreement with Greyhound Café Co., pursuant to which JC Dining obtained an exclusive franchise to open up to four modern, stylish and trendy Thai style restaurants under the “Greyhound Café” brand for a five-year term. For details, please see the section headed “Business — Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this prospectus. In December 2016, we opened the first Greyhound Café restaurant in the Paragon shopping mall on Orchard Road in Singapore, which remained as the only “Greyhound Café” restaurant operated by us as at the Latest Practicable Date.

For the historical changes of our restaurants in Singapore and the details of the restaurants closed during the Track Record Period, please refer to the paragraph headed “Business — Operational performance of our dining operations in Singapore — Historical changes of our restaurants in Singapore” in this prospectus.

Cessation of certain businesses prior to or during the Track Record Period

On 14 July 2004, Central Co. was incorporated in Singapore with an issued share capital of S\$2, divided into 2 shares, wholly owned by Ms. Low. Central Co. operated five “Central Hong Kong Café” restaurants during the period from 2004 to 2012. All restaurants operated by Central Co. had ceased operation in June 2012 upon the expiry of the term of the tenancy agreements of these restaurants. In 2012, an independent investor had been looking into the possibility to co-invest with Ms. Low in a new “Central Hong Kong Café” restaurant under J W Central. However, such investment did not materialise. Since then, Ms. Low decided to manage all the subsequently opened “Central Hong Kong Café” restaurants under J W Central in order to consolidate the Group’s business. Therefore, no revenue was generated by Central Co. during the Track Record Period. Central Co. was solvent prior to its cessation of business and it was voluntarily struck off in July 2017.

On 12 August 2003, BSBJ was incorporated in Singapore with an issued share capital of S\$2, divided into 2 ordinary shares, where Ms. Low and Mr. Sean Low each held one share of BSBJ, respectively. BSBJ franchised the “Bread Story” brand to 7 independent franchisees between November 2003 and February 2015 in the Overseas Franchised Regions. Upon expiry of the respective franchise agreements, none of these franchise agreements in the Overseas Franchised Regions were renewed in order to focus on our artisanal bakery chain in Malaysia and dining operations in Singapore. By February 2015, all the franchise agreements for “Bread Story” branded bakery retail outlets in the Overseas Franchised Regions had lapsed and were terminated. Subsequently, BSBJ was voluntarily struck off in July 2017. BSBJ was solvent prior to its cessation of business. During the Track Record Period, no revenue and operating cashflow was generated from BSBJ.

On 20 August 2010, Yu Cuisine was incorporated in Singapore with an issued share capital of S\$2, divided into 2 ordinary shares, wholly-owned by Ms. Low. Yu Cuisine operated a high-end seafood restaurant named “Yu Cuisine” in Marina Bay Sands, Singapore, from January 2011 to October 2016. Following the expiry of the tenancy agreement of the premises and change of business plan to concentrate on the mass market which is the target market of our other restaurants in Singapore, Ms. Low decided to cease the operation of “Yu Cuisine” restaurant in October 2016. Yu Cuisine had ceased to operate any business since then and was voluntarily struck off in November 2017. The net profit of Yu Cuisine was approximately S\$18,800, S\$44,700 and nil for the three years

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

ended 31 December 2015, 2016 and 2017, respectively. Yu Cuisine recorded negative operating cash flow of approximately S\$209,151 for the year ended 31 December 2015 and positive operating cash flow of approximately S\$267,332 and nil for the two years ended 31 December 2016 and 2017, respectively. It was solvent prior to its cessation of business in October 2016.

The financial results of each of Central Co., BSBJ and Yu Cuisine were not consolidated into our Group's financial statements during the Track Record Period.

REORGANISATION

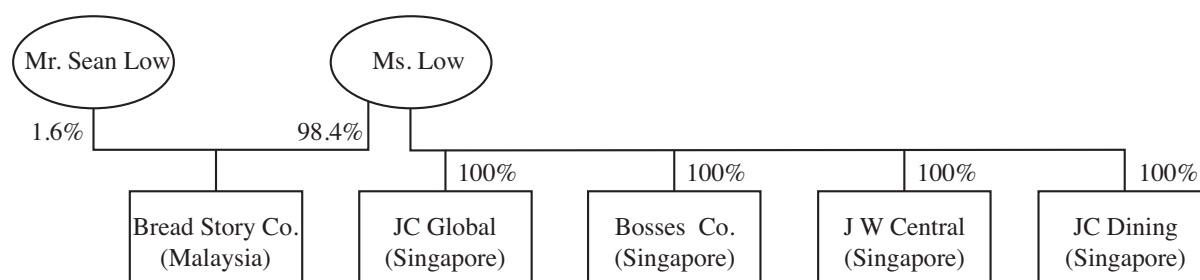
Beginning in March 2017, we undertook the Reorganisation in anticipation of our Listing on GEM. The Reorganisation consisted of the following principal steps, which were intended to consolidate our artisanal bakery retail chain in Malaysia and dining operations in Singapore, respectively, into an offshore corporate holding structure for the Listing.

Reasons for the Listing

We believe that the Listing and proceeds from the Share Offer will enhance our capital base and facilitate the implementation of our business strategy. The net proceeds from the Share Offer will provide financial resources to our Group for our business plans and expand our market share in the food and beverage market in Singapore and Malaysia. A public listing status will also enhance our corporate profile to the general public and potential investors. For details, please refer to the section headed "Future Plans and Use of Proceeds — Reasons for the Listing" in this prospectus.

Corporate structure prior to the commencement of the Reorganisation

The chart below sets forth the shareholding structure of our Group immediately prior to the commencement of the Reorganisation in March 2017.



Incorporation of JLogo BVI

JLogo BVI was incorporated in the BVI on 7 March 2017 with 7,600 issued ordinary shares of HK\$0.01 each. As at the date of its incorporation, JLogo BVI was legally and beneficially owned as to 100% by Ms. Low.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Pre-IPO investment

For the benefit of our long-term business development and expansion of our Group, JLogo BVI entered into the Pre-IPO Subscription Agreement on 28 March 2017 with Zhengqi Capital, pursuant to which Zhengqi Capital agreed to subscribe for a total of 2,400 new ordinary shares in JLogo BVI, representing 24% of the issued share capital of JLogo BVI as enlarged by such subscription, for the Subscription Price of S\$6,000,000 (equivalent to approximately HK\$32,700,000) (the “Subscription”).

The terms of the Pre-IPO Subscription Agreement, including the Subscription Price payable by Zhengqi Capital, were determined based on arm’s length commercial negotiations with reference to the pre-Listing valuation of our Group of approximately S\$25.0 million, which was determined by (i) the unaudited consolidated profit after tax of our Group for the year ended 31 December 2016; (ii) a price-earnings ratio of 15.2 times as at 31 December 2016; and (iii) the growth potential of the Group based on the then business development of the Group, including the entering of the Greyhound Franchise Agreement. The price-earnings ratio of 15.2 times as at 31 December 2016 was calculated with reference to the unaudited management accounts of the Group based on the pre-Listing valuation without taking into account the post-Listing market capitalisation, which has not been contemplated by the parties at the time of entering into the Pre-IPO Subscription Agreement. It also reflected the private market adjustment and the minority ownership discount against the control premium. Our Directors consider that (i) the pre-IPO investment would improve the capital base of our Group and therefore beneficial to our Group’s future business development; and (ii) the discount to the Offer Price and the relevant percentage of shareholding interest held by Zhengqi Capital upon Listing is not inconsistent with the current market trend and is on normal commercial term. The source of fund of Zhengqi Capital for the pre-IPO investment was derived from personal savings and earnings generated from investment business of its ultimate owner, Mr. Cai. Pursuant to the Pre-IPO Subscription Agreement, the proceeds from such Subscription shall be used as funding for our Group’s Listing expenses, general working capital of our Group or such other purpose as may be approved by the non-executive Director appointed by Zhengqi Capital in writing. Such special right given to Zhengqi Capital under the Pre-IPO Subscription Agreement shall lapse on the Listing Date. It is the intention of our Group to use the proceeds from the Subscription towards the ongoing development of our dining operations in Singapore and artisanal bakery chain in Malaysia, where additional operational cost is expected along with the recent expansion of our Group’s business. As at the Latest Practicable Date, the proceeds from such Subscription have not been fully utilised. As at the Latest Practicable Date, our Group had utilised approximately HK\$3.8 million, representing approximately 10.9% of the total proceeds from the Subscription as the general working capital of our Group. Following the Listing, the remaining proceeds from the Subscription, of approximately HK\$28.9 million in full will continue to be used as intended for our Group’s ongoing development of its dining operations in Singapore and artisanal bakery chain in Malaysia.

On 28 April 2017, Zhengqi Capital transferred the Subscription Price in cash and it was fully settled on 2 May 2017. On 11 May 2017, 2,400 new ordinary shares in JLogo BVI were issued and allotted to Zhengqi Capital pursuant to the Pre-IPO Subscription Agreement. Accordingly, the consideration for the Pre-IPO Subscription Agreement was fully and irrevocably settled, and the transaction contemplated thereunder was completed on 11 May 2017.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The below table summarises the details of the pre-IPO investment made by Zhengqi Capital in our Group.

Name of pre-IPO investor:	Zhengqi Capital Holdings Limited
Brief description of investment:	Capital contribution in JLogo BVI by subscription of 2,400 ordinary shares which was exchanged into 93,000,000 Shares through a share swap on 9 August 2017
Date of agreement:	28 March 2017
Consideration paid:	HK\$32,700,000
Irrevocable settlement date of consideration:	11 May 2017
No. of Shares held by Zhengqi Capital immediately after the completion of the Reorganisation but prior to the Share Offer:	93,000,000
No. of Shares held by Zhengqi Capital upon completion of the Share Offer:	93,000,000
Approximate cost per Share paid by pre-IPO investor upon completion of the Share Offer:	HK\$0.35
Approximate discount to Offer Price ^(Note 1) :	36%
Approximate percentage of shareholding interests held by Zhengqi Capital in JLogo BVI upon completion of the pre-IPO investment:	24%
Approximate percentage of shareholding interests held by Zhengqi Capital in our Company upon completion of the Share Offer ^(Note 2) :	18.6%

Notes:

(1) Calculated based on HK\$0.55 per Share, being the mid-point of Offer Price.

(2) Assumes no exercise of the options which may be granted under the Share Option Scheme.

Rights of pre-IPO investor

Pursuant to the terms of the Pre-IPO Subscription Agreement, Zhengqi Capital shall have the right to appoint one non-executive Director to our Board up to (but not including) the Listing Date as long as it holds Shares representing at least 15% of the total issued share capital of our Company. Furthermore, up to (but not including) the Listing Date, Zhengqi Capital shall have a pre-emptive right on any issuance of additional Shares or securities convertible into or exchangeable into additional Shares (including any options, warrants or any other form of convertible securities) or otherwise increase its capital for an investment by an investor. All special rights given to Zhengqi Capital under

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

the Pre-IPO Subscription Agreement shall lapse on the Listing Date. As a result of the pre-IPO investment, Zhengqi Capital is a connected person of our Company. Save as disclosed above, there is no other agreements, arrangements, understanding or undertakings between the Company, Ms. Low and Zhengqi Capital in relation to the pre-IPO investment.

Information on Zhengqi Capital and its ultimate owner

We were first introduced to Mr. Cai, the ultimate owner of Zhengqi Capital as a financial investor in order to raise funds in support of our anticipated Listing and our long-term growth, and to further benefit from Mr. Cai's network and contacts of potential business partners in the food and beverage industry. The sole shareholder of Zhengqi Capital, Mr. Cai, has become acquainted with Ms. Low since early 2016. Mr. Cai was introduced to Ms. Low through their mutual friend, a Singaporean who has over 12 years of experience working in various positions in the fields of corporate advisory, corporate finance and investment banking in Singapore. This mutual friend introduced Mr. Cai to Ms. Low to explore possible investment opportunities in early 2016. Given Mr. Cai expressed his interest in the food and beverage industry and he has experience and understanding in Hong Kong capital markets through his current and past working experience in various positions including the executive director of two GEM-listed companies in Hong Kong, the Company is of the view that Mr. Cai would be able to provide strategic advice on the Group's operations, financial management and corporate governance going forward as a listed company in Hong Kong and contribute to the long-term growth of the Group. Having considered the investment potential of our Group, Mr. Cai decided to invest in our Group as pre-IPO investor through Zhengqi Capital. Apart from the pre-IPO investment in our Group, Mr. Cai had not invested in any other listed company as a pre-IPO investor.

Zhengqi Capital is a company incorporated in the BVI with limited liability by shares and its principal business activity is investment holding. As at the Latest Practicable Date, all issued ordinary shares in Zhengqi Capital was held by Mr. Cai. On 27 July 2017, Mr. Cai, was appointed as our non-executive Director as designated by Zhengqi Capital pursuant to the Pre-IPO Subscription Agreement. Apart from holding the Shares of the Company, Zhengqi Capital also invested, among others, listed securities in Hong Kong. Mr. Cai is an investor with extensive experience in making private investments in, among others, the mining and energy industry in PRC. Mr. Cai's past investments included, among others, (i) the investment of approximately 68% equity interest in Eryuan Laping Titanium Factory* (洱源縣臘坪鈦礦廠), an entity principally engaged in opencast mining and sales of titanium in Yunnan Province, PRC, for the amount of approximately RMB3.4 million in 2003 and subsequently ceased operation in 2013; (ii) the investment of approximately 95% equity interest in Maguan County Nanlao Hongyang Dressing Plant* (馬關縣南撈宏楊選廠), a company principally engaged in processing, trading and sales of mineral products in Yunnan Province, PRC, for the amount of approximately RMB 1.4 million in 2006 and was subsequently sold at a consideration of approximately RMB25.5 million in 2017; and (iii) the investment of approximately 24% equity interest in Shenzhen City Baokuang Development Limited* (深圳市寶礦投資發展有限公司), a company principally invested in the mining sector in PRC, which was sold at a consideration of approximately RMB 7.2 million in 2014. Currently, Mr. Cai is also the executive director and chairman of Silk Road Energy Service Group Limited (principally engaged in the provision of coal

* For identification only

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

mining services, heat supply services and money lending services, trading of other mineral products and investment holiday), a company listed on GEM of the Stock Exchange (Stock Code: 8250). For further details relating to Mr. Cai, please see the section headed “Directors and Senior Management — Board of Directors — Non-executive Director — Mr. CAI Da (蔡達)” in this prospectus.

Save as disclosed above, to the best knowledge of our Directors, Zhengqi Capital and its ultimate shareholder do not have any relationship with our Group, Directors, senior management, or any of our connected persons.

Lock-up and Public Float

The Shares held by Zhengqi Capital shall not be subject to any lock-up period. All Shares held by Zhengqi Capital will not be counted towards the public float after the Listing as Zhengqi Capital is an associate of Mr. Cai, our non-executive Director, and Substantial Shareholder of our Company upon the Listing.

Sponsor’s confirmation

The Sponsor is of the view that the terms of the Pre-IPO Subscription Agreement are in compliance with (i) the Interim Guidance on Pre-IPO Investments issued by the Stock Exchange in January 2012 and updated in March 2017 as the consideration for the pre-IPO investment was settled more than 28 clear days before the date of our first submission of the listing application form to the Listing Division of the Stock Exchange in relation to the Listing, and (ii) the Guidance Letter HKEx-GL43-12 issued by the Stock Exchange in October 2012 and updated in July 2013 and March 2017 as the special rights granted to Zhengqi Capital will terminate upon the Listing.

Incorporation of our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 22 May 2017. The authorised share capital of our Company was HK\$100,000,000 divided into 10,000,000,000 ordinary Shares of HK\$0.01 each. As at the date of its incorporation, 1 share was issued to the initial subscriber, which is the nominee of the company secretarial company engaged by our Company, and such one share was then transferred to Ms. Low from the initial subscriber on the same day.

Transfer of shares in subsidiaries in Singapore

As part of the Reorganisation, we effected the following transfer of shares to result in Ms. Low and Zhengqi Capital holding their interests in each of the following subsidiaries, namely, J W Central, Bosses Co. and JC Dining via an investment holding structure. Upon completion of such share transfer and up to the Latest Practicable Date, the following subsidiaries had been legally and beneficially, directly or indirectly, wholly-owned by the Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shares in JC Global

Since the commencement of the Track Record Period and immediately prior to the commencement of the Reorganisation, JC Global had an issued share capital of S\$2 divided into 2 ordinary shares, all of which were legally and beneficially owned by Ms. Low. On 8 August 2017, Ms. Low transferred all the shares she held in JC Global to JLogo BVI at a nominal consideration of S\$1 in cash, for the purpose of effecting the Reorganisation. The aforesaid share transfer was duly authorised and completed on 9 August 2017.

Shares in Bosses Co.

Since the commencement of the Track Record Period and immediately prior to the commencement of the Reorganisation, Bosses Co. had an issued share capital of S\$500,000 divided into 500,000 ordinary shares, all of which were legally and beneficially owned by Ms. Low. On 9 August 2017, Ms. Low transferred all the shares she held in Bosses Co. to JC Global at a nominal consideration of S\$1 in cash, for the purpose of effecting the Reorganisation. The aforesaid share transfer was duly authorised and completed on 9 August 2017.

Shares in J W Central

Immediately prior to the commencement of the Reorganisation, J W Central had an issued share capital of S\$350,000 divided into 350,000 ordinary shares, all of which were legally and beneficially owned by Ms. Low. On 9 August 2017, Ms. Low transferred all the shares she held in J W Central to JC Global at a nominal consideration of S\$1 in cash, for the purpose of effecting the Reorganisation. The aforesaid share transfer was duly authorised and completed on 9 August 2017.

Shares in JC Dining

Immediately prior to the commencement of the Reorganisation, JC Dining had an issued share capital of S\$500,000 divided into 500,000 ordinary shares, all of which were legally and beneficially owned by Ms. Low. On 9 August 2017, Ms. Low transferred all the shares she held in JC Dining to JC Global at a nominal consideration of S\$1 in cash, for the purpose of effecting the Reorganisation. The aforesaid share transfer was duly authorised and completed on 9 August 2017.

Share swap

On 9 August 2017, 294,499,999 and 93,000,000 fully-paid ordinary Shares of our Company were allotted and issued to each of Ms. Low and Zhengqi Capital, in consideration of Ms. Low and Zhengqi Capital transferring 7,600 and 2,400 shares in JLogo BVI held by them, respectively, to our Company. The consideration for such share swap was determined with reference to the net asset value of JLogo BVI and those Singapore operating subsidiaries, which was approximately S\$5,762,000 based on the management financial statements of such entities as at 30 April 2017.

Since then and up to the Latest Practicable Date, JLogo BVI had been legally and beneficially wholly-owned by our Company, and all of the issued ordinary Shares of our Company had been legally and beneficially owned as to 76% and 24% by Ms. Low and Zhengqi Capital, respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

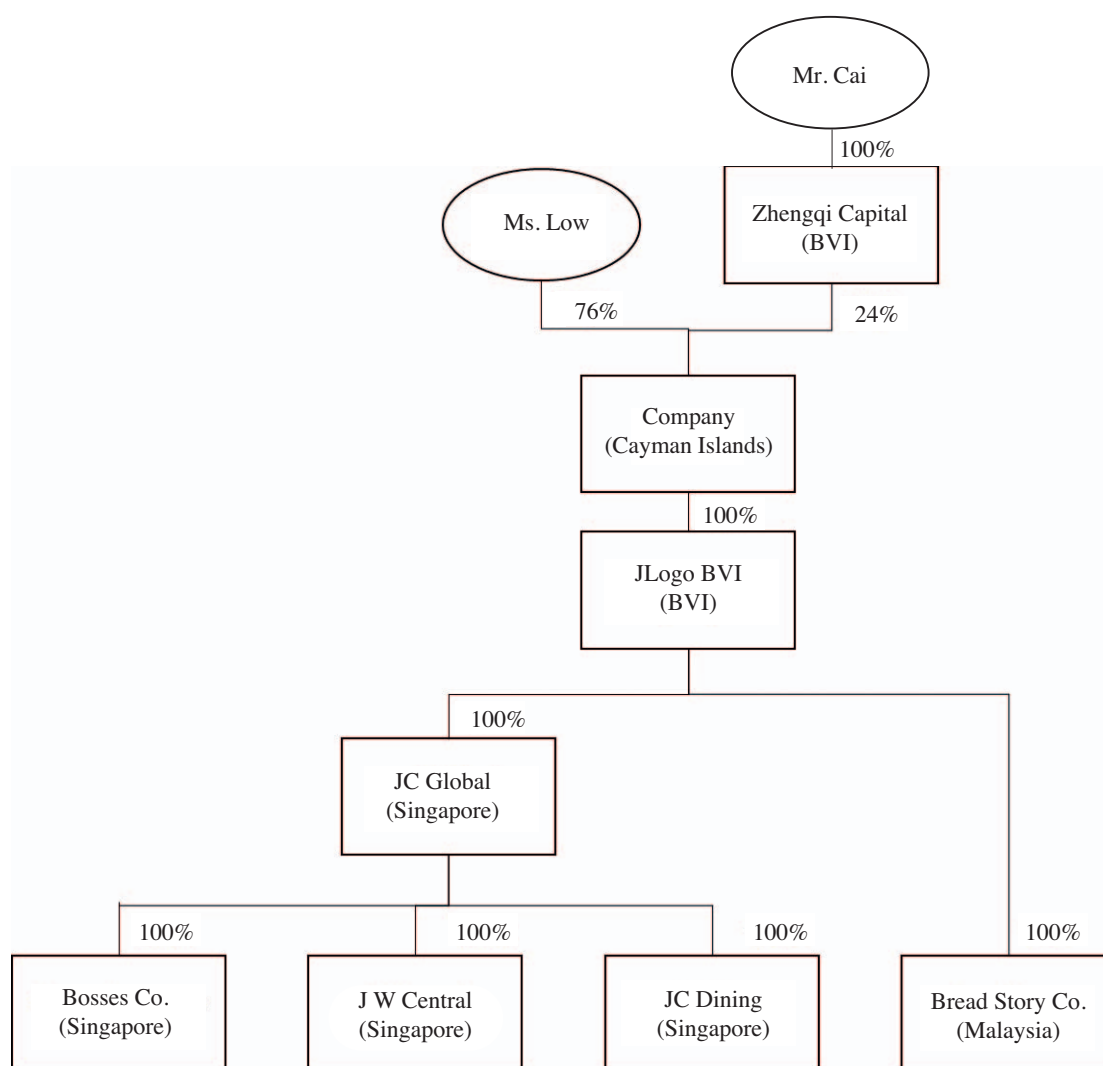
Transfer of Shares in Bread Story Co.

Since the commencement of the Track Record Period and immediately prior to the commencement of the Reorganisation, Bread Story Co. had an issued share capital of RM1,000,000 divided into 1,000,000 ordinary shares, which were held legally by Ms. Low and Mr. Sean Low, brother of Ms. Low, as to 98.4% and 1.6%, respectively. On 1 August 2017, each of Ms. Low and Mr. Sean Low transferred all the shares they respectively held in Bread Story Co. to JLogo BVI at a nominal consideration of RM9 and RM1 in cash, respectively, for the purpose of effecting the Reorganisation. The aforesaid share transfers were completed on 11 August 2017.

Upon completion of such share transfers, Bread Story Co. is legally and beneficially, indirectly and wholly-owned by the Company.

Corporate structure immediately after the completion of the Reorganisation

The following diagram illustrates our corporate and shareholding structure immediately after the Reorganisation and immediately prior to completion of the Share Offer.



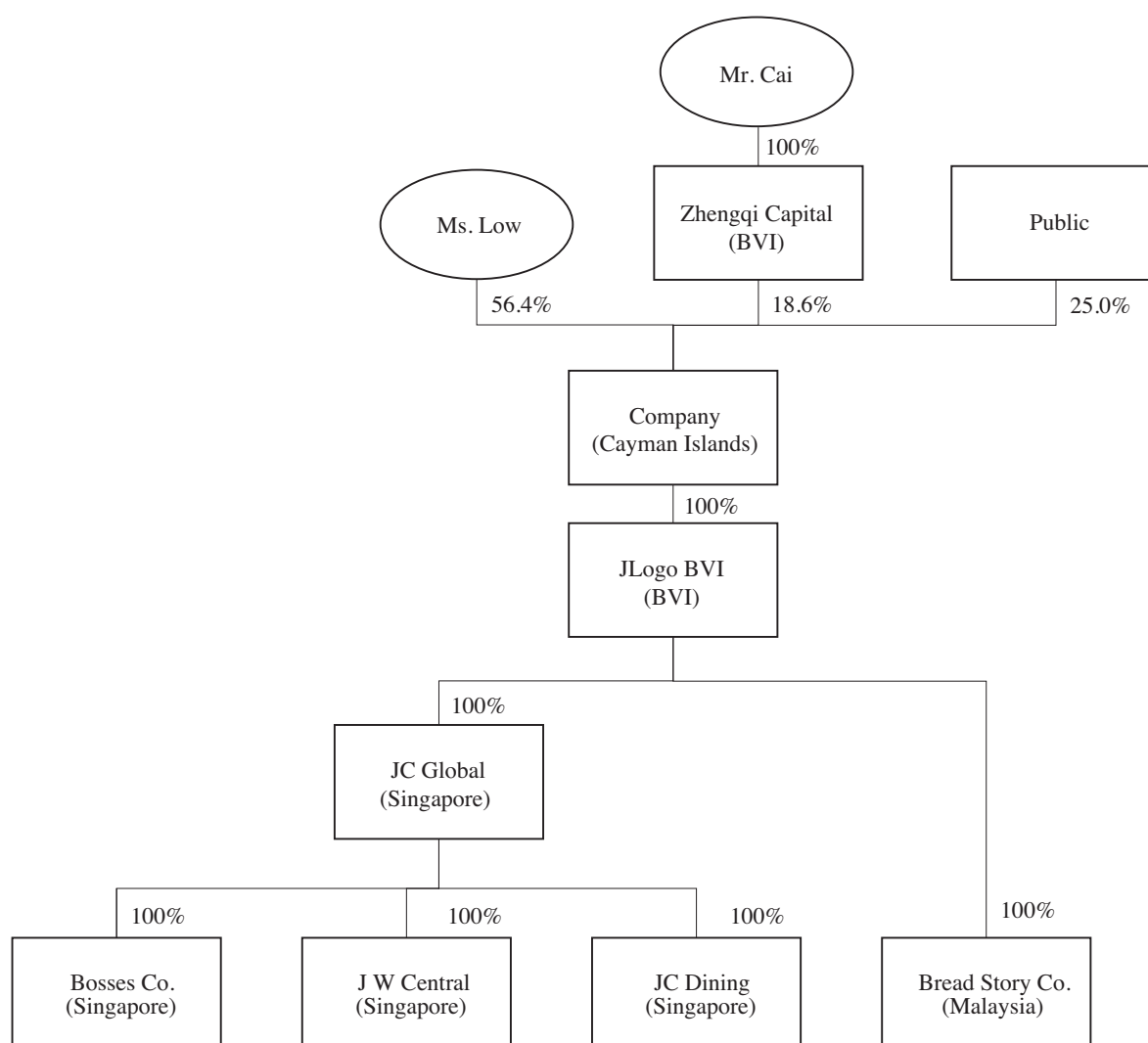
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Share Offer

Upon completion of the Share Offer, 112,500,000 fully-paid ordinary Shares of our Company will be allotted and issued to the public and 12,500,000 fully-paid ordinary Shares held by Ms. Low will be offered for sale to the public. As a result, Ms. Low, Zhengqi Capital and the public will hold approximately 56.4%, 18.6% and 25.0%, respectively, of the enlarged issued share capital of our Company immediately upon the completion of the Share Offer, assuming that any options which may be granted under the Share Option Scheme are not exercised.

Corporate structure immediately after the completion of the Share Offer

The following diagram illustrates our corporate and shareholding structure immediately upon completion of the Share Offer, without taking into account any Share which may be issued pursuant to the exercise of any options which may be granted pursuant to the Share Option Scheme.



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Compliance with applicable laws and regulations

Our Singapore Legal Advisers and Malaysia Legal Advisers confirmed that we have obtained all necessary approvals for effecting the Reorganisation from the relevant authorities in Singapore and Malaysia and that the Reorganisation complied with applicable laws and regulations in Singapore and Malaysia.

BUSINESS

OVERVIEW

We are a food and beverage group that owns and operates award-winning restaurants in Singapore under different brands and own one of the largest artisanal bakery chains in Malaysia in terms of revenue and the number of bakery retail outlets in Malaysia in 2016 according to the Euromonitor Report. We operate our dining operations in Singapore under two self-owned brands and one franchised brand. Our “Central Hong Kong Café” brand is primarily focused on offering a casual and authentic Cha Chaan Teng experience in a full service environment while our “Black Society” brand offers Chinese cuisines with a contemporary twist in a full service environment. The franchised “Greyhound Café” brand provides stylish and trendy ambience which serves a specialised Thai menu with creative twists. Our artisanal bakery chain in Malaysia offers a wide selection of artisan breads, pastries and cakes under the “Bread Story” brand. As at the Latest Practicable Date, we had a total of eight restaurants in Singapore (of which six operated under our “Central Hong Kong Café” brand, one operated under our “Black Society” brand and one operated under the franchised “Greyhound Café” brand), and 20 bakery retail outlets in Malaysia (of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets) operating under our “Bread Story” brand. According to the Euromonitor Report, our Group’s dining operation in Singapore occupied approximately 0.9% market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016, and our Group’s artisanal bakery chain in Malaysia occupied approximately 1.2% market share and ranked fifth, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016. For further details on the Group’s competitive landscape, please refer to the section headed “Industry Overview” in this prospectus. During the Track Record Period, we primarily relied on opening new restaurants in Singapore and new bakery retail outlets in Malaysia to grow and capture market shares for our dining operations in Singapore and artisanal bakery chain in Malaysia, respectively.

Our first “Central Hong Kong Café” restaurant, which began operations in 2004, sought to bring an iconic representation of Cha Chaan Teng dining culture to Singapore. *Cha Chaan Teng* (茶餐廳) are Hong Kong styled cafés that offer a wide range of Hong Kong local fare. As at the Latest Practicable Date, we had a total of six restaurants which operated under our “Central Hong Kong Café” brand in Singapore.

Our “Black Society” restaurant, which began operations in 2006 has offered a wide range of innovative and contemporary Chinese cuisines set in a stylish and black-coloured theme interior design. In addition to popular Cantonese *dim sum* and traditional Chinese banquet dishes, our menu continues to evolve as we incorporate other regional flavours and trendy elements into traditional Chinese cuisine. We continue to develop innovative menu items and refine existing dishes to keep up with market trends and varying customer tastes, shifting food and nutrition trends, and feedback from our customers. As at the Latest Practicable Date, we had one restaurant which operated under our “Black Society” brand in Singapore.

Our first franchised “Greyhound Café” restaurant began operations in December 2016 through the Greyhound Franchise Agreement. The franchised “Greyhound Café” restaurant features a modern, stylish and trendy ambience with fashionable decoration, and offers and serves a specialised Thai menu of simple and hassle-free fusion Thai food with creative twists in either the ingredients or presentation. Under the Greyhound Franchise Agreement, we are (i) required to open and operate at least four restaurants under the franchised “Greyhound Café” brand within five years from the date

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of the Greyhound Franchise Agreement and (ii) committed to an annual minimum sales target, in order to exclusively operate “Greyhound Café” restaurants in Singapore. For further information on the Greyhound Franchise Agreement, please see the paragraph headed “Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this section. As at the Latest Practicable Date, we had one restaurant which operated under the franchised “Greyhound Café” brand in Singapore.

We opened our first self-operated bakery retail outlet under our “Bread Story” brand in Malaysia in 2002 and, as at the Latest Practicable Date, we had expanded our artisanal bakery chain to 20 bakery retail outlets in Malaysia, of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets. Our “Bread Story” brand focuses on an innovative bakery concept, providing artisan bread, cakes and pastries products and designs. Our “Bread Story” artisanal bakery chain is also supported by our Central Bakery that provides bakery products to our self-operated bakery retail outlets and one of our franchised bakery retail outlet, and certain bakery ingredients to our self-operated bakery retail outlets with on-site kitchen and our remaining franchised bakery retail outlets. Further information on our Central Bakery is set out in the paragraph headed “Product and operational process for our artisanal bakery chain in Malaysia — Central Bakery” in this section.

Between November 2003 and February 2015, our “Bread Story” brand was franchised to seven independent franchisees in other jurisdictions, including Indonesia, the Philippines, Kuwait, the United Arab Emirates, Saudi Arabia and Australia, through BSBJ. Our “Bread Story” brand overseas franchised bakery business were excluded from our Group during the Track Record Period. Upon the expiry of the respective franchise agreements, our “Bread Story” brand overseas franchise arrangements were ceased in February 2015. For details, please refer to the section headed “History, Reorganisation and Corporate Structure — History and corporate development” in this prospectus.

Our dining operations in Singapore, with the exception of the franchised “Greyhound Café” restaurant, are headed by Mr. Chiu, our executive chef from Hong Kong. Our artisanal bakery chain in Malaysia is headed by our executive chef and certified “European green collar award Master Pastry Chef and Ice cream”, Mr. Viscuso. For further details on Mr. Chiu and Mr. Viscuso, please refer to the section headed “Directors and Senior Management” in this prospectus.

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The following table sets forth the breakdown of our revenue by segment and by brand during the Track Record Period:

	Year ended 31 December								
	2015			2016			2017		
			Number of			Number of			Number of
	Revenue	contribution	restaurants/ bakery retail outlets ⁽²⁾	Revenue	contribution	restaurants/ bakery retail outlets ⁽²⁾	Revenue	contribution	restaurants/ bakery retail outlets ⁽²⁾
	S\$'000	%		S\$'000	%		S\$'000	%	
Dining operations in Singapore									
Self-owned brand									
- Central Hong Kong Café	5,275	40.9	4	6,847	44.5	5	7,857	39.9	5
- Black Society	3,297	25.5	1	3,451	22.4	1	3,626	18.4	1
Franchised brand									
- Greyhound Café ⁽¹⁾	—	—	—	328	2.1	1	3,125	15.9	1
Sub-total	8,572	66.4	5	10,626	69.0	7	14,608	74.2	7
Artisanal bakery chain in Malaysia									
- Bread Story ⁽³⁾	4,334	33.6	19	4,774	31.0	20	5,080	25.8	21
Total	12,906	100	24	15,400	100	27	19,688	100	28

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016.
2. The number of restaurant or bakery retail outlets as at 31 December 2015, 2016 and 2017, respectively.
3. “Bread Story” is our self-owned brand. Under our “Bread Story” brand, we have self-operated bakery retail outlets operated by our Group and franchised bakery retail outlets operated by Bread Story Franchisees.

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The following table sets forth the breakdown of our gross profit and gross profit margin by segment and by brand during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	Gross profit \$S'000	Gross profit margin %	Gross profit \$S'000	Gross profit margin %	Gross profit \$S'000	Gross profit margin %
Dining operations in Singapore						
- Central Hong Kong Café	3,993	75.7	5,348	78.1	6,322	80.5
- Black Society	2,486	75.4	2,670	77.4	2,833	78.1
- Greyhound Café ⁽¹⁾	—	—	264	80.5	2,557	81.8
Sub-total	<u>6,479</u>	<u>75.6</u>	<u>8,282</u>	<u>77.9</u>	<u>11,712</u>	<u>80.2</u>
Artisanal bakery chain in Malaysia						
- Bread Story						
Self-operated bakery retail outlets	2,857	68.1	3,071	67.2	3,108	67.2
Bread Story Franchisees	<u>97</u>	<u>71.0</u>	<u>164</u>	<u>81.2</u>	<u>271</u>	<u>59.8</u>
Sub-total	<u>2,954</u>	<u>68.2</u>	<u>3,235</u>	<u>67.8</u>	<u>3,379</u>	<u>66.5</u>
Total	<u>9,433</u>	<u>73.1</u>	<u>11,517</u>	<u>74.8</u>	<u>15,091</u>	<u>76.7</u>

Note:

- The franchised “Greyhound Café” restaurant has only been in operation since December 2016.

Our revenue increased from approximately S\$12.9 million for the year ended 31 December 2015 to S\$15.4 million for the year ended 31 December 2016 and subsequently increased to S\$19.7 million for the year ended 31 December 2017. Our gross profit increased from approximately S\$9.4 million for the year ended 31 December 2015 to S\$11.5 million for the year ended 31 December 2016, representing an increase of approximately 22.1%. Our gross profit further increased from approximately S\$11.5 million for the year ended 31 December 2016 to S\$15.1 million for the year ended 31 December 2017, representing an increase of approximately 31.0%. For further details, please refer to the section headed “Financial Information” in this prospectus.

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The following table sets forth the breakdown of our operating margin by segment and by brand during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
Dining operations in Singapore			
- Central Hong Kong Café	16%	21%	22%
- Black Society	8%	15%	12%
- Greyhound Café ⁽¹⁾	—	(52%)	13%
	<u>12%</u>	<u>17%</u>	<u>17%</u>
Artisanal bakery chain in Malaysia			
- Bread Story	<u>15%</u>	<u>13%</u>	<u>11%</u>
Total	<u>13%</u>	<u>16%</u>	<u>16%</u>

Notes:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016, thus recorded a negative operating margin of 52% for the year ended 31 December 2016.
2. Operating margin is calculated by dividing the operating profit for the year/period by revenue. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs and income tax credit/expenses.

Dining operations in Singapore

For the years ended 31 December 2015 and 2016, the operating margin for our dining operations in Singapore was approximately 12% and 17%, respectively. The increase in operating margin of our dining operations was primarily attributable to the increase in revenue from Central (RWS), which commenced operation in January 2016, charged higher menu price as compared to other “Central Hong Kong Café” restaurants as it is located at a popular tourist destination in Singapore. Central (RWS) also generated the highest operating margin amongst all the “Central Hong Kong Café” restaurants.

The operating margin for our dining operations in Singapore remained relatively stable at approximately 17% for the year ended 31 December 2017.

Artisanal bakery chain in Malaysia

For the years ended 31 December 2015, 2016 and 2017, the operating margin for our artisanal bakery chain in Malaysia was approximately 15%, 13% and 11%, respectively. The slight decrease

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in operating margin of our artisanal bakery chain was primarily due to the increase in bakery ingredients cost as a result of the weakening of RM. The weakening of RM has led to import inflation, and hence an increase in our bakery ingredients cost.

As a result of the foregoing, our Group's operating margin increased from approximately 13% for the year ended 31 December 2015 to 16% for the year ended 31 December 2016 and remained stable at approximately 16% and 16% for the years ended 31 December 2016 and 2017, respectively.

OUR COMPETITIVE STRENGTHS

Our Directors believe that the following key strengths of our Company distinguish us from our competitors and position us for significant growth in the future.

Strong brand recognition and reputation

Since the opening of our first “Central Hong Kong Café” restaurant in 2004 which offered an authentic Cha Chaan Teng experience, we have diversified our mix of restaurants to appeal to dining customers with varying preferences in Singapore. In 2006, we opened our “Black Society” restaurant which was inspired by contemporary Chinese cuisines and a black-coloured theme design. Both our awarding-winning “Central Hong Kong Café” and “Black Society” brands are built on our persistence on providing safe and quality dishes, and delivering the experience our customers have come to expect of our restaurant brands. Mr. Chiu is responsible for creating new dishes, designing menus, ensuring quality of our food and beverages served and monitoring the costs for our restaurants in Singapore. The value of our “Central Hong Kong Café” and “Black Society” brands has been recognised for their robust brand performances and service delivery by the various awards and accolades presented to our Group over the years. Details of the awards and accolades presented to our Group are set out in the paragraph headed “Awards and Accolades” in this section. As at the Latest Practicable Date, with the exception of Central (SV) and Central (JP) which were graded B (the second highest attainable grade), all our restaurants in Singapore have been graded A (the highest attainable grade) by the NEA for their high food hygiene and housekeeping standards.

The franchised “Greyhound Café” brand is a well-recognised brand of fashion café with its roots in Thailand, offering a specialised Thai menu of simple and hassle-free food with creative twists in either ingredients or presentation. Greyhound Café Co. decided to engage us in penetrating the Singapore consumer foodservice market by appointing us as the exclusive franchisee for establishing, developing and operating restaurants under the “Greyhound Café” brand in Singapore. In December 2016, we began operations of our first franchised “Greyhound Café” restaurant in Singapore through entering into the Greyhound Franchise Agreement.

We own and operate the artisanal bakery chain in Malaysia under our “Bread Story” brand over the span of 15 years. We believe that we have become a household artisanal bakery brand in Malaysia with an established reputation. We consider that we have successfully built our “Bread Story” brand to represent an innovative bakery concept that provides artisan bread, pastries and cakes designed by Mr. Viscuso. All products produced by us under our “Bread Story” brand are certified as having complied with the Malaysian halal standard since the end of 2013.

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We believe that our strong brand recognition and reputation will benefit and add value to our future expansion as established property developers and landlords have approached us from time to time for the opening of new restaurants and/or bakery retail outlets at certain prime locations in Singapore and Malaysia, respectively.

Innovative product offerings and distinctive themes

We believe that innovation in our product offerings, presentation of our products and the distinctive themes of our restaurants and bakery retail outlets are important contributing factors to our success as they enable us to meet evolving consumers' preferences and differentiate our products from those of our competitors.

Our Directors believe that our "Central Hong Kong Café" restaurants are representative of the Cha Chaan Teng dining culture in Singapore where customers are able to find iconic Hong Kong fares such as "deep fried big intestine", "beef briskets" and "Hong Kong rickshaw noodles" and other innovative dishes that cater to Singapore customers such as "durian fried rice" and "milk tea with gula melaka", together with its retro 1970's theme interior design. We believe that our "Central Hong Kong Café" restaurants bring to our customers not only authentic and innovative food offerings, but also bring about an authentic ambience and feel of the Cha Chaan Teng in Hong Kong.

We believe that our "Black Society" restaurant, which provides a wide range of innovative and contemporary Chinese cuisines set in a stylish and black-coloured theme interior design, offers new twists to popular Cantonese *dim sum* and other traditional Chinese banquet dishes. Our menu continues to evolve as we incorporate other regional flavours and trendy elements into traditional Chinese cuisines. We continue to introduce innovative menu items such as our popular dishes "Shanghai steamed meat dumpling in lobster bisque", "Singapore chilli crab" and "spicy cordyceps flower with jellyfish". We also refine existing dishes to keep up with market trends, varying customer tastes, shifting food and nutrition trends, and feedback from our customers.

We believe that the opening of the first franchised "Greyhound Café" restaurant in Singapore by us in December 2016 which features a modern, stylish and trendy ambience with fashionable decoration. We offer and serve a specialised Thai menu of simple and hassle-free food with creative twists in either the ingredient or presentation and delivers a unique dining experience to our patrons in Singapore. Our collaboration with Greyhound Café Co. saw dishes such as "Crispy pork leg with surprisingly curry paste" being exclusively developed for the Singapore market.

We believe that the unique retail experience that we sought to create for our customers with our "Bread Story" brand is a key area that differentiates us from our competitors. We place a strong emphasis on the ambience created by our bakery retail outlets, giving attention to areas such as lightings, decorations, placement of bakery products and range of bakery products being offered to create an inviting and comfortable atmosphere for our customers. Since we began production of bakery products in 2002, we have developed and introduced wide varieties of breads, pastries and cakes that gain wide-spread acceptance by our customers, including our signature products such as "XO durian buns", "flossy signature", "flossy hottie" and "peanut butter crush". As at the Latest Practicable Date, we offered more than 100 varieties of breads, around 10 varieties of pastries and around 60 varieties of cakes through our artisanal bakery chain in Malaysia.

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Our restaurants and bakery retail outlets are strategically located in prime areas of Singapore and Malaysia, respectively

Our Directors are of the view that the locations of our restaurants in Singapore and our bakery retail outlets in Malaysia are vital to our Group's strategy of targeting areas which are high in customer traffic and easily accessible by our target customers.

Our restaurants in Singapore are strategically located in prime shopping areas including the Orchard Road Shopping District and Resorts World Sentosa, and major shopping malls in Singapore including Wheelock Place, Paragon, VivoCity, the Star Vista, Jurong Point and Northpoint City. Our bakery retail outlets are primarily concentrated in Kuala Lumpur, being the seat of the capital of Malaysia, and among the most prosperous, rapidly growing and westernised region of Malaysia. Most of our bakery retail outlets can be found in prime shopping areas of Peninsular Malaysia such as Sunway Pyramid, Mid Valley City and 1 Utama Shopping Centre.

Our Directors believe that the strategic locations of our restaurants in Singapore and bakery retail outlets in Malaysia help to promote our brands image and awareness.

Highly scalable and integrated platform that provides strong support for future expansion

We have established a standardised and scalable platform for our artisanal bakery chain in Malaysia. As at the Latest Practicable Date, we operated the Central Bakery to supply bakery products to our self-operated bakery retail outlets and one of our franchised bakery retail outlet, and certain bakery ingredients to our self-operated bakery retail outlets with on-site kitchen and our franchised bakery retail outlets. Such centralised production platform not only ensures stringent quality control and uniform standards, protects our brand reputation and assures consistency in our products' quality in Malaysia, but also allows us to further expand our artisanal bakery chain without having to set up production facilities at all bakery retail outlets, which can be costly and time consuming. With the support of our Central Bakery, we have added three self-operated bakery retail outlets without on-site kitchen for our artisanal bakery chain in Malaysia in 2016, namely Bread Story (IOI), Bread Story (PSA) and Bread Story (SBP).

Likewise, for our dining operations in Singapore, our "Central Hong Kong Café" restaurants are all operated under a unified concept with the same theme of interior design, standardised menu items across the restaurants at different locations, as well as stringent control of recipes and food preparation procedures to ensure quality consistency. The franchised "Greyhound Café" restaurant operates under a system governed under the Greyhound Franchise Agreement which provides for, among others, the operating procedures, interior designs and specifications of each restaurant.

Our Directors are confident that such standardised practices and systems will ensure our ability to quickly replicate successful models when we expand into new locations and new markets in the future.

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We have an experienced management team with diversified experience led by Ms. Low

Our Group's management team consists of experienced personnel with extensive and diversified experiences and knowledge of the food and beverage industry and management functions. Our founder Ms. Low has over 15 years of experience in the food and beverage industry. In recognition of the robust brand performances and service delivery of our "Central Hong Kong Café" and "Black Society" restaurants, Ms. Low was presented with the "Singapore Enterprise Awards 2016" in recognition of the business excellence of our "Central Hong Kong Café" and "Black Society" restaurants. Each of the other senior management members of our Group also has significant management and operational expertise in their respective fields.

The marketing and advertising effort for our dining operations in Singapore is overseen by Mr. Sean Low. Mr. Sean Low has over six years of experience in the food and beverage industry, and together with his team, he has been responsible for ensuring the marketing and advertising effort for our restaurants brands is current with the market trend and appropriate for our target customers. The marketing and advertising effort of our artisanal bakery chain in Malaysia is overseen by our dedicated marketing team in Malaysia. They are responsible for ensuring the marketing initiatives and activities for our artisanal bakery chain in Malaysia are appropriate for the promotion of our "Bread Story" brand and products.

Overseen by Ms. Low, our "Central Hong Kong Café" and "Black Society" restaurant operations in Singapore are spearheaded by Mr. Chiu, who previously worked for the Regent Singapore, A Four Seasons Hotel with his last position as the assistant executive Chinese Chef at the Summer Palace. Mr. Chiu has over 41 years of experience in the food and beverage industry and has extensive experience in training and recruitment of staff, and, together with his team of capable chefs, been instrumental in the development of the theme, menu design and concept of our "Central Hong Kong Café" and "Black Society" brands operations. We place a strong emphasis in providing quality food and excellent services at our restaurants. In order to ensure that our food ingredients are fresh and our supply stable, Mr. Chiu personally participate in the sourcing of the ingredients used in our restaurants.

Our artisanal bakery chain's production operation in Malaysia is headed and led by Mr. Viscuso, who has over seven years of experience in the food and beverage industry. Mr. Viscuso is responsible for the production planning, product design and development, and ensuring quality, consistency and hygiene. Mr. Viscuso is also responsible for sourcing the food ingredients used in the production of bakery products.

For further information of our management team, please refer to the section headed "Directors and Senior Management" in this prospectus.

OUR STRATEGIES

We intend to implement the following business strategies to expand our market share in Singapore and Malaysia, and enhance our brand recognition, service and product quality.

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Continue to expand our dining operations in Singapore

As at the Latest Practicable Date, our Group operated a total of six “Central Hong Kong Café” restaurants, one “Black Society” restaurant and one franchised “Greyhound Café” restaurant in Singapore. As part of our Group’s expansion plan to enhance our market share, we plan to open three new restaurants in Singapore, including one “Central Hong Kong Café” restaurant, one franchised “Greyhound Café” restaurant, and one “Black Society Café” restaurant (a sub-brand to our “Black Society” brand) during the year ending 31 December 2018. We have a set of site selection process for our new restaurant development to ensure that the selected locations are able to reach their potential. We target to open these new restaurants in shopping malls located mainly in the Central Area (except for one “Central Hong Kong Café” restaurant to be opened in the East Region), which is consistent with our Group’s existing site selection criteria. Details of our Group’s expansion plans are set out in the paragraph headed “Expansion Plan and Site Selection Development” in this section.

Under the Greyhound Franchise Agreement, we are required to open and operate at least four restaurants under the franchised “Greyhound Café” brand within five years from the date of execution. Our Group is currently surveying various potential locations throughout Singapore for both our “Central Hong Kong Café” and franchised “Greyhound Café” restaurants. In evaluating potential locations, we will consider factors such as flow of customer traffic and rental costs. It is part of our business strategy to not only grow organically but also identify and cooperate with other international brands in order to leverage on their existing resources in brand building and status to ensure our return on investment. For further information on the Greyhound Franchise Agreement, please refer to the paragraph headed “Operational performance of our dining operations in Singapore — Greyhound Franchise Agreement” in this section.

We have identified a consumer market, as an extension of our “Black Society” restaurant, to offer a creative menu of Cantonese dim sum, Hong Kong-style roasts, porridge and noodles. We plan to operate such sub-brand restaurant as a brand differentiation from our “Black Society” brand to provide a fresher experience displaying slightly different image to our target customers, and to cater to the market positioning and marketing strategies of the shopping malls where our new “Black Society Café” restaurant will be located in. We are planning to open our first “Black Society Café” restaurant by the third quarter of 2018.

Our Group also intends to use part of the net proceeds from the Listing to relocate our current leased offices to a new Singapore head office in the second quarter of 2018. For further details on our expansion strategies, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

Continue to expand our artisanal bakery chain in Malaysia

We plan to expand our retail network under the “Bread Story” brand and further enlarge our market share by establishing new bakery retail outlets at suitable locations in Malaysia.

Our Directors consider that we have enough internal resources to further expand our market share in Selangor by establishing more self-operated bakery retail outlets. We plan to open two new self-operated bakery retail outlets in Malaysia during 2018. We also plan to locate potential franchisees for our “Bread Story” brand in other parts of Malaysia.

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Our centralised production model of our artisanal bakery chain in Malaysia provides strong support for our expansion. We plan to expand our artisanal bakery chain in Malaysia to around 18 self-operated bakery retail outlets by the fourth quarter of 2018. For information about our Central Bakery, please refer to the paragraph headed “Product and operational process for our artisanal bakery chain in Malaysia — Central Bakery” in this section.

Continual enhancement and upgrade to our existing dining operations in Singapore and artisanal bakery chain in Malaysia

In addition to the quality of food and services, we believe that the ambience of our Singapore restaurants and Malaysia bakery retail outlets is important to our customers’ experience with us. In order to stay competitive in the market, we incurred approximately S\$0.9 million, S\$1.0 million and S\$0.2 million of renovation costs for our restaurants and bakery retail outlets for the years ended 31 December 2015, 2016 and 2017, respectively. These renovation costs were funded by our internal resources and bank borrowings.

After Listing, through our internal resources, our Group will continue to enhance and upgrade the appearances, equipment, and general supplies of some of our restaurants and bakery retail outlets. Our Group will regularly review and refine the interior design and/or concept of our existing restaurants and self-operated bakery retail outlets and will arrange for refurbishments and/or upgrade if necessary. Our Group also intends to improve the quality of our kitchens, cooking and baking tools, equipment, appliances and transportation vehicles to improve the consistency and efficiency of our services.

Part of the net proceeds from the Listing will be used to enhance our branding strategies including engaging external agencies to improve our marketing strategies, collaborating with online food ordering and delivery service providers to further penetrate the marketing and develop our brand recognition. For further details on our marketing strategies, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

Continue to strengthen our staff training

Our Group strives to bring both quality food and, a pleasant dining and retail experience to all our customers. We believe that the quality and consistency of our food and a high level of service are integral to our customers’ experience.

In order to maintain the quality of our food and a high level of service, and to improve the technical knowledge and qualifications of our staff, our Group will continue to provide on-the-job training for our employees covering different aspects based on their operational responsibilities, including food ingredients preparation and preservation, customer service, hygiene requirements of the kitchen and dining areas, and quality control. Our team of experienced managers and chefs will also continue to train our staff as part of their day-to-day operations.

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OUR DINING OPERATIONS IN SINGAPORE

Our restaurant network

As at the Latest Practicable Date, we operated a total of eight restaurants in Singapore, of which six operated under our “Central Hong Kong Café” brand, one operated under our “Black Society” brand and one operated under the franchised “Greyhound Café” brand. Our dining operations in Singapore focus on serving a variety of cuisine under different brands to a diversified customer base in both casual dining and a full service environment.

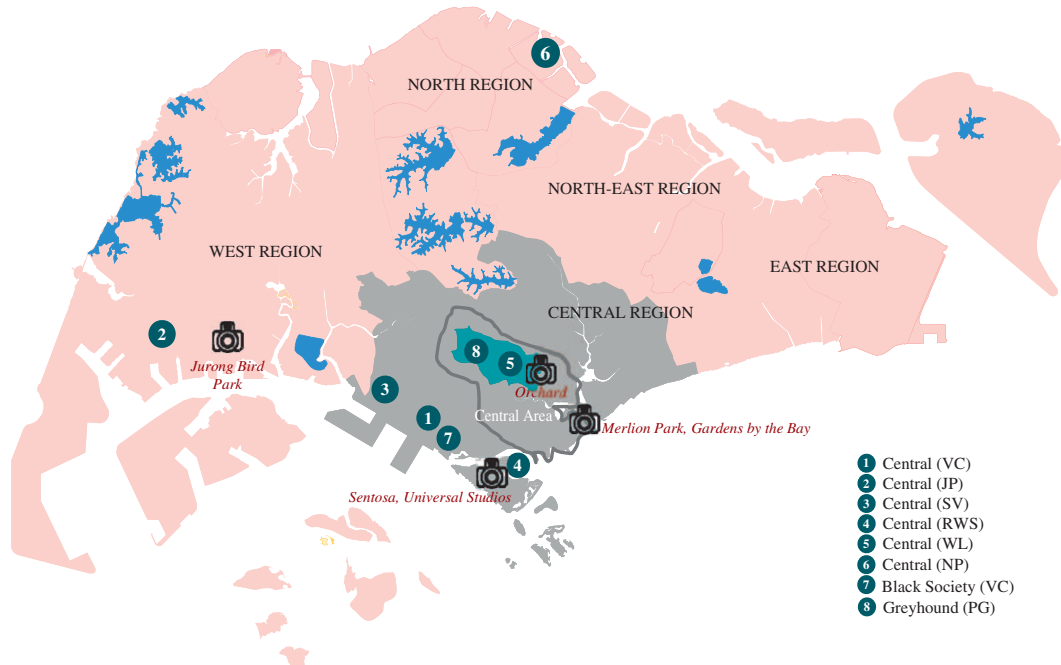
The following table sets out the restaurant name, opening date, restaurant location, type of premises, area and their respective nearest train station of our restaurants in Singapore that were in operation as at the Latest Practicable Date:

Restaurant name	Opening date	Restaurant location	Type of premises	Area	Nearest train station
1. Central (VC)	August 2007	1 Harbourfront Walk, #B2-13/14, VivoCity, Singapore 098585	Shopping mall	Central Region	HarbourFront MRT station
2. Central (JP)	June 2012	63 Jurong West Central 3, #03-90/91/92/93/94/95, Jurong Point Shopping Centre, Singapore 648331	Shopping mall	West Region	Boon Lay MRT station
3. Central (SV)	December 2012	#B1-07 and #B1-41, the Star Vista — 1 Vista Exchange Green, Singapore 138617	Shopping mall	Central Region	Buona Vista MRT station
4. Central (RWS)	January 2016	#B1-225 of 26 Sentosa Gateway, Singapore 098138	Shopping mall	Central Region	Sentosa Express Waterfront station
5. Central (WL)	November 2016	501 Orchard Road, #B2-01, Wheelock Place, Singapore 238880	Shopping mall	Orchard	Orchard MRT station
6. Central (NP)	January 2018	#01-137/138 (provisional numbering subject to IRAS’ approval), 1 Northpoint Drive, South Wing of Northpoint City, Singapore 768019	Shopping mall	North Region	Yishun MRT Station
7. Black Society (VC)	June 2006	1 Harbourfront Walk, #02-156/157, VivoCity, Singapore 098585	Shopping mall	Central Region	HarbourFront MRT station
8. Greyhound (PG)	December 2016	290 Orchard Road, Provisional units #01-25 and #01-25A, Paragon, Singapore 238859	Shopping mall	Orchard	Orchard MRT station

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Our restaurants location

The following map shows the approximate locations of our restaurants in Singapore as at the Latest Practicable Date.



**Regional divisions as per the divisions of the Urban Redevelopment Authority, Singapore*

 Popular Tourist Spot

Note: The locations of our restaurants in the map above are for reference only and may not be an indication of the exact location

“Central Hong Kong Café” restaurants

Our “Central Hong Kong Café” restaurants sought to bring an iconic representation of Cha Chaan Teng dining culture to Singapore which serve signature dishes that combine traditional Chinese fare with both Western and Asian elements at an affordable price point in a retro Hong Kong ambience. Our “Central Hong Kong Café” restaurants are decorated with memorabilia from the 1970s as well as vintage-style furniture and interior design.

In keeping with the spirit of Cha Chaan Teng, our menu includes popular Cha Chaan Teng dishes such as “Hong Kong wanton noodle” and “chicken chop with tomato gravy & fried egg”, as well as iconic Hong Kong fares such as “deep fried big intestine”, “signature 4 treasure rice” and “Hong Kong rickshaw noodles”. At our “Central Hong Kong Café” restaurants, we offer a standardised menu for both our dine-in and take-away customers. We have a standardised menu to ensure that our customers are able to enjoy consistent and quality dishes at all our “Central Hong Kong Café” restaurants. As at the Latest Practicable Date, we offered more than 150 type of dishes, beverages and desserts in our “Central Hong Kong Café” restaurants’ menu.

Our first “Central Hong Kong Café” restaurant was opened in 2004 in Singapore. Since then, the “Central Hong Kong Café” restaurants has expanded steadily to six locations in Singapore as at the Latest Practicable Date, which are located in prime shopping areas including Resorts World Sentosa, and major shopping malls including Wheelock Place, Paragon, VivoCity, the Star Vista, Jurong Point and Northpoint City.

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Revenue generated from our “Central Hong Kong Café” restaurants was our largest source of income during the Track Record Period, which accounted for approximately 40.9%, 44.5% and 39.9% of our Group’s total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Details of the operating data of our “Central Hong Kong Café” restaurants during the Track Record Period are set out in the paragraph headed “Operational performance of our dining operations in Singapore” in this section.

The following images show the dining environment of our “Central Hong Kong Café” restaurants:



Central (RWS)



Central (VC)

The following images show some of our signature dishes served by our “Central Hong Kong Café” restaurant and the dish names as appeared on our standardised menu:



“Hong Kong wonton noodle”



“Signature 4 treasure rice”



“Chicken chop with tomato gravy
& fried egg”



“Hong Kong rickshaw noodle”

“Black Society” restaurant

Our “Black Society” restaurant, which began operations in 2006 under the former name of “BOSSSES”, offers a wide range of innovative and contemporary Chinese cuisines set in a stylish and black-coloured theme interior design. In addition to popular Cantonese *dim sum* and traditional Chinese banquet dishes, our menu continues to evolve as we incorporate other regional flavours and trendy elements into traditional Chinese cuisine, such as our popular dishes “Shanghai steamed meat dumpling in lobster bisque” and “Singapore chili crab” and “spicy cordyceps flower with jellyfish”.

In an effort to maintain the attractiveness of our menu, we generally review and make adjustments to our menu items every four to six months. We offer seasonal menus in our “Black Society” restaurant during festive seasons such as Chinese New Year and Mothers’ day. Our “Black Society” restaurant also provides our customers with a suitable venue for event hosting such as corporate dinners, product launches, parties, functions and weddings. Our event hosting services include customised menus and other out-of-restaurant items upon request. Such out-of-restaurant items may include audio-visual equipment, entertainment or flower display.

Revenue generated from our “Black Society” restaurant accounted for approximately 25.5%, 22.4% and 18.4% of our Group’s total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Details of the operating data of our “Black Society” restaurant during the Track Record Period are set out in the paragraph headed “Operational performance of our dining operations in Singapore” in this section.

The following images show the dining environment of our “Black Society” restaurant:



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The following images show some of our signature dishes served by our “Black Society” restaurant and the dish names as appeared on our menu:



“Famous chilli crab tart”



“Queen shumai”



“Shanghai steamed meat dumpling in lobster bisque”



“Singapore chili crab”



“Golden sauce superior shark fin”



“Spicy cordyceps flower with jellyfish”

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Franchised “Greyhound Café” restaurant

Our franchised “Greyhound Café” restaurant began operations in December 2016 through an initial five-year exclusive master franchise arrangement with Greyhound Café Co.. It features a modern, stylish and trendy ambience with fashionable decoration, and offers and serves a specialised Thai menu of simple and hassle-free food with creative twists in either the ingredients or presentation. Our collaboration with Greyhound Café Co. saw dishes such as “Crispy Pork Leg with Surprisingly Curry Paste” being developed exclusively for the Singapore market.

We believe that the opening of our first franchised “Greyhound Café” restaurant in Singapore by us in December 2016 delivers a unique dining experience to our customers. Under the Greyhound Franchise Agreement, we plan to open a total of four franchised “Greyhound Café” restaurants by the end of the initial five-year period.

Revenue generated from our franchised “Greyhound Café” restaurant accounted for nil, approximately 2.1% and 15.9% of our Group’s total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Details of the operating data of our franchised “Greyhound Café” restaurant during the Track Record Period are set out in the paragraph headed “Operational performance of our dining operations in Singapore” in this section.

The following images show the dining environment of our franchised “Greyhound Café” restaurant:



The following images show some of our signature dishes served by our franchised “Greyhound Café” restaurant and the dish names as appeared on our menu:



“Crispy pork leg with
surprisingly curry paste”



“Greyhound famous fried
chicken wings”

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OPERATIONAL PERFORMANCE OF OUR DINING OPERATIONS IN SINGAPORE

Set forth below are certain key operational information of our dining operations in Singapore for the year ended 31 December 2015 (unless otherwise stated):

Name of restaurant	Area of premise (sq.ft) <i>(approximate)</i>	Number of seats <i>(approximate)</i>	Number of operation days	Number of customer visits <i>(approximate)</i>	Total revenue <i>(S\$'000)</i>	Average spending	Average	Seat	Operating margin <i>(%)</i> <i>(Note 4)</i>
						per customer per meal <i>(S\$)</i> <i>(Note 1)</i>	daily revenue <i>(S\$'000)</i> <i>(Note 2)</i>	turnover rate <i>(times)</i> <i>(Note 3)</i>	
Central (VC)	1,528	80	363	150,957	1,731	11.5	4.8	5.2	12
Central (JP)	1,744	102	363	117,972	1,228	10.4	3.4	3.2	19
Central (SV)	1,410	89	363	126,321	1,169	9.3	3.2	3.9	13
Central (OC)	2,411	110	363	117,120	1,147	9.8	3.2	2.9	19
Black Society (VC) ⁽⁹⁾	6,792	232	363	92,450	3,297	35.7	9.1	1.1	8
Total				604,820	8,572	14.2	4.7	3.3	12

Set forth below are certain key operational information of our dining operations in Singapore for the year ended 31 December 2016 (unless otherwise stated):

Name of restaurant	Area of premise (sq.ft) (approximate)	Number of seats (approximate)	Number of operation days	Number of customer visits (approximate)	Total revenue (S\$'000)	Average spending	Average daily revenue (S\$'000) (Note 2)	Seat turnover rate (times) (Note 3)	Operating margin (%) (Note 4)
						per			
						customer			
						per meal			
Central (VC)	1,528	87	364	160,570	1,840	11.5	5.1	5.1	15
Central (JP)	1,744	102	364	129,677	1,310	10.1	3.6	3.5	21
Central (SV)	1,410	89	364	118,398	1,070	9.0	2.9	3.7	13
Central (RWS) ⁽⁵⁾	1,518	94	353	169,169	2,381	14.1	6.7	5.1	35
Central (WL) ⁽⁶⁾	1,604	74	59	19,279	234	12.1	4.0	4.4	(15)
Central (OC) ⁽⁷⁾	2,411	110	3	1,026	12	11.9	4.1	3.1	(370)
Black Society (VC) ⁽⁹⁾	6,792	232	364	93,728	3,451	36.8	9.5	1.1	15
Greyhound (PG) ⁽⁸⁾	2,528	98	29	9,348	328	35.1	11.3	3.3	(52)
Total				701,195	10,626	15.2	5.9	3.7	17

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Set forth below are certain key operational information of our Singapore restaurant operations for the year ended 31 December 2017 (unless otherwise stated):

Name of restaurant	Area of premise (sq.ft) <i>(approximate)</i>	Number of seats <i>(approximate)</i>	Number of operation days	Number of customer visits <i>(approximate)</i>	Total revenue <i>(S\$'000)</i>	Average spending per customer per meal <i>(S\$)</i> <i>(Note 1, 10)</i>	Average daily revenue <i>(S\$'000)</i> <i>(Note 2)</i>	Seat turnover rate <i>(times)</i> <i>(Note 3, 10)</i>	Operating margin <i>(%)</i> <i>(Note 4)</i>
Central (VC)	1,528	87	363	147,913	1,860	12.5	5.1	4.4	19
Central (JP)	1,744	102	363	114,638	1,384	12.0	3.8	2.9	24
Central (SV)	1,410	89	363	106,148	1,121	10.6	3.1	3.1	12
Central (RWS) ⁽⁵⁾	1,518	94	365	171,767	2,318	13.5	6.4	5.0	38
Central (WL) ⁽⁶⁾	1,604	74	363	91,400	1,174	12.8	3.2	3.3	3
Black Society (VC) ⁽⁹⁾	6,792	232	363	90,626	3,626	40.0	10.0	1.1	12
Greyhound (PG) ⁽⁸⁾	2,528	98	363	99,760	3,125	31.3	8.6	2.8	13
Total				822,252	14,608	17.9	5.7	3.2	17

Notes:

1. Average spending of customers is calculated by dividing the total revenue by the total number of customer visits of the relevant restaurant.
2. Average daily revenue is calculated by dividing the total revenue by the number of operation days of the relevant restaurant.
3. Seat turnover rate is calculated by dividing the number of customer visits by the number of seats and the number of operation days of the relevant restaurant during the year.
4. Operating margin is calculated by dividing the operating profit for the year/period by revenue. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs, and income tax credit/expenses.
5. Central (RWS) commenced its operation in January 2016.
6. Central (WL) commenced its operation in November 2016.
7. Central (OC) ceased its operation in January 2016 due to early termination of the tenancy by landlord in view of the redevelopment of the shopping mall at which the restaurant was located.
8. Greyhound (PG) commenced its operation in December 2016.
9. Our “Black Society” restaurant served Cantonese dim sum and traditional Chinese banquet dishes in a fine dining ambience and generally charged a higher menu price, whereas our “Central Hong Kong Café” restaurants and “Greyhound Café” restaurant feature casual dining ambience. As such, the dining duration of Black Society (VC) was generally comparatively longer, and thus recorded relatively lower seat turnover rate as compared to the “Central Hong Kong Café” restaurants and “Greyhound Café” restaurant.

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10. Since May 2017, our Company has promoted food delivery services for events/functions for our dining operations in Singapore. Revenue from food delivery services for events/functions contributed to approximately S\$0.3 million, or 1.7% of our Group's total revenue for the year ended 31 December 2017. In order to provide more meaningful analysis, we have excluded the revenue and number of customer visits from food delivery services for events/functions when calculating the average spending per customer per meal and the seat turnover rate.

The average daily revenue per restaurant increased from approximately S\$4,700 for the year ended 31 December 2015 to S\$5,900 for the year ended 31 December 2016. Our Directors believe that the increase in average daily revenue per restaurant was mainly due to the increase in average spending per customer per meal from approximately S\$14.2 for the year ended 31 December 2015 to S\$15.2 for the year ended 31 December 2016, as a result of (i) the opening of Central (RWS) in January 2016 which charges higher menu price compared to the other “Central Hong Kong Café” restaurants as it is located at a popular tourist destination in Singapore and (ii) the opening of our first “Greyhound Café” restaurant which targets customers with higher spending ability and hence charges higher menu price.

The average daily revenue per restaurant remained stable at approximately S\$5,700 for the year ended 31 December 2017, respectively. Notwithstanding that the average spending per customer per meal increased from S\$15.2 for the year ended 31 December 2016 to S\$17.9 for the year ended 31 December 2017. The increase in average spending per customer per meal was mainly due to the opening of Greyhound (PG) in December 2016 which charges higher menu price compared to the “Central Hong Kong Café” restaurants and the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016. This was partially offset by the decrease in the seat turnover rate per restaurant from 3.7 times for the year ended 31 December 2016 to 3.2 times for the year ended 31 December 2017.

“Central Hong Kong Café” restaurants

Central (WL) (commenced operation in November 2016)

Central (WL) recorded a negative operating margin of 15% for the year ended 31 December 2016, which was primarily due to Central (WL) being launched only in November 2016 and it requires time for the new restaurant to stabilise its business. Central (WL) subsequently recorded a positive operating margin of 3% for the year ended 31 December 2017.

Central (VC)

The operating margin of Central (VC) increased from 12% for the year ended 31 December 2015 to 15% for the year ended 31 December 2016. The increase in operating margin was contributed by an increase in revenue of approximately S\$109,000 in 2016, which was primarily due to the increase in number of customer visits from 150,957 for the year ended 31 December 2015 to 160,570 for the year ended 31 December 2016; representing approximately 6.0% of increment for the year. The increase in number of customer visits was mainly a result of the “Central Hong Kong Café” restaurant — wide menu upgrade implemented in 2016.

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Even though the number of customer visits decreased from approximately 160,570 for the year ended 31 December 2016 to 147,913 for the year ended 31 December 2017, the total revenue increased slightly by approximately S\$20,000 or 1.1% for the year ended 31 December 2017. This was mainly due to the increase in average spending per customer per meal from S\$11.5 for the year ended 31 December 2016 to S\$12.5 for the year ended 31 December 2017 as a result of the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016. The operating margin of Central (VC) increased from approximately 15% for the year ended 31 December 2016 to approximately 19% for the year ended 31 December 2017. Such increase in the operating margin of Central (VC) was largely attributable to (i) a decrease in staff costs and (ii) a decrease in administrative expenses of Central (VC) during the same period.

The decrease in staff costs of Central (VC) was generally attributable to a decrease in the average number of staff during the same period. The decrease in administrative expenses of Central (VC) was generally attributable to the allocation of administrative expenses between seven restaurants for the year ended 31 December 2017 compared to five restaurants for the year ended 31 December 2016.

Central (JP)

The operating margin of Central (JP) increased from 19% for the year ended 31 December 2015 to 21% for the year ended 31 December 2016. The increase in operating margin was contributed by an increase in revenue of approximately S\$82,000 in 2016, which was primarily due to the increase in number of customer visits from 117,972 for the year ended 31 December 2015 to 129,677 for the year ended 31 December 2016; representing approximately 10% of increment for the year. The increase in number of customer visits was mainly a result of the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016.

Even though the number of customer visits decreased from approximately 129,677 for the year ended 31 December 2016 to 114,638 for the year ended 31 December 2017, total revenue increased slightly from approximately S\$1.3 million for the year ended 31 December 2016 to S\$1.4 million for the year ended 31 December 2017, respectively. This was mainly due to the increase in average spending per customer per meal from S\$10.1 for the year ended 31 December 2016 to S\$12.0 for the year ended 31 December 2017 as a result of the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016. The operating margin of Central (JP) increased from approximately 21% for the year ended 31 December 2016 to approximately 24% for the year ended 31 December 2017. Such increase in the operating margin of Central (JP) was largely attributable to a decrease in administrative expenses of Central (JP) during the same period.

The decrease in administrative expenses of Central (JP) was generally attributable to the allocation of administrative expenses between seven restaurants for the year ended 31 December 2017 compared to five restaurants for the year ended 31 December 2016.

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Central (SV)

Our Directors consider that the revenue of Central (SV) decreased slightly from approximately S\$1.2 million for the year ended 31 December 2015 to approximately S\$1.1 million and S\$1.1 million for the years ended 31 December 2016 and 2017, respectively, were negatively affected by an increase in competing food and beverage operators in Star Vista, Singapore during the Track Record Period.

During the year ended 31 December 2016, we implemented certain costs control measures that led to a decrease in the staff costs and average number of staff for Central (SV) during the relevant periods. The costs control measures included constant monitoring of the performance of our restaurants as well as staff productivity in order to allocate manpower more efficiently across our dining operations in Singapore. For instance, we transferred certain staff from Central (SV) to other “Central Hong Kong Café” restaurants, having considered the decrease in seat turnover rate of Central (SV). As such, despite a decrease in revenue during the years ended 31 December 2015 and 2016, the operating margin of Central (SV) remained stable at 13%, 13% and 12% for the years ended 31 December 2015, 2016 and 2017, respectively.

Central (RWS) (commenced operation in January 2016)

Central (RWS) recorded positive operating margin of 35% for the year ended 31 December 2016. The positive operating margin recorded for the year ended 31 December 2016 was primarily due to Central (RWS) being situated within a popular tourist destination of Singapore where high customer traffic is usually observed during weekends and festive periods.

The total revenue of Central (RWS) decreased from S\$2.4 million for the year ended 31 December 2016 to S\$2.3 million for the year ended 31 December 2017 as a result of a decrease in the average spending per customer per meal from approximately S\$14.1 for the year ended 31 December 2016 to S\$13.5 for the year ended 31 December 2017. Notwithstanding the above, the operating margin of Central (RWS) increased slightly from 35% for the year ended 31 December 2016 to 38% for the year ended 31 December 2017.

Central (OC) (closed in January 2016)

Central (OC) recorded a positive operating margin of 19% for the year ended 31 December 2015 and a negative operating margin of 370% for the year ended 31 December 2016. The operating margin of Central (OC) decreased significantly as it has operated for only three days in 2016. Central (OC) has since ceased its operation in January 2016 due to the early termination of the tenancy by the landlord in view of the redevelopment of the shopping mall.

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“Black Society” restaurant

The operating margin of Black Society (VC) increased from 8% for the year ended 31 December 2015 to 15% for the year ended 31 December 2016. The increase in operating margin during the year was primarily contributed by (i) an increase in average daily revenue from S\$9,100 for the year ended 31 December 2015 to S\$9,500 for the year ended 31 December 2016, and (ii) a decrease in the cost of inventories sold and consumed, and utility expenses as a result of costs control measures implemented by the management. Such costs control measures implemented during the year included (i) stock-piling strategy by bulk purchasing certain food ingredients to be used during the festive season of Chinese New Year; and (ii) implementation of energy saving measures.

Even though the number of customer visits decreased from approximately 93,728 for the year ended 31 December 2016 to 90,626 for the year ended 31 December 2017, the total revenue increased from approximately S\$3.5 million for the year ended 31 December 2016 to S\$3.6 million for the year ended 31 December 2017. The operating margin of Black Society (VC) decreased from approximately 15% for the year ended 31 December 2016 to approximately 12% for the year ended 31 December 2017. Such decrease in the operating margin of Black Society (VC) was mainly attributable to the decrease of government grant for the year ended 31 December 2017.

Franchised “Greyhound Café” restaurant (commenced operation in December 2016)

Greyhound (PG)’s negative operating margin of 52% recorded for the year ended 31 December 2016, which was primarily due to Greyhound (PG) being launched only in December 2016 and it requires time for a new restaurant to stabilise its business.

After the commencement of its business operation in December 2016, Greyhound Café (PG) has recorded a positive operating margin of 13% for the year ended 31 December 2017. For the year ended 31 December 2017, Greyhound (PG) contributed to approximately S\$3.1 million, or 15.9% to our total revenue.

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Historical changes of our restaurants in Singapore

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

	Number of restaurant operated under our “Black Society” brand	Number of restaurant operated under our “Central Hong Kong Café” brand	Number of restaurant operated under our franchised “Greyhound Café” brand	Total number of restaurants
As at 1 January 2015	1	4	—	5
Commencement of operation during the year	—	—	—	—
Closure during the year	—	—	—	—
As at 31 December 2015 and 1 January 2016	1	4	—	5
Commencement of operation during the year	—	2	1	3
Closure during the year	—	(1)	—	(1)
As at 31 December 2016 and 1 January 2017	1	5	1	7
Commencement of operation during the year	—	—	—	—
Closure during the year	—	—	—	—
As at 31 December 2017 and 1 January 2018	1	5	1	7
Commencement of operation during the period	—	1	—	1
Closure during the period	—	—	—	—
As at the Latest Practicable Date	<u>1</u>	<u>6</u>	<u>1</u>	<u>8</u>

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We have closed one “Central Hong Kong Café” restaurant during the Track Record Period and up to the Latest Practicable Date. The following table sets out the restaurant name, opening date, closing date, type of premises, area of our restaurants and reasons for their respective closure during the Track Record Period and up to the Latest Practicable Date:

Restaurant name	Opening date	Closing date	Type of premise	Area	Reason for closure
Central (OC)	August 2013	January 2016	Shopping mall	Orchard district	Early termination by the landlord due to redevelopment of the shopping mall at which the restaurant is located.

Breakeven point and investment payback period

We consider that a restaurant achieves its breakeven point when its monthly revenue is at least equal to the monthly expenses, taking into account the non-cash items such as depreciation and amortization expenses since the commencement of business of the restaurant. During the Track Record Period, we opened three new restaurants, namely Central (RWS), Central (WL) and Greyhound (PG). As at the Latest Practicable Date, all of the three new restaurants had achieved their breakeven points. The breakeven point of our Singapore restaurants during the Track Record Period generally ranged from one to seven months.

Our Directors consider that a restaurant achieves its investment payback when the operating cash flow accumulated from the commencement of business of the restaurant covers the costs of opening and operations, including incurred capital expenditures and ongoing cash operating expenses. During the initial planning stage for our new restaurant, our Directors generally target an investment payback period of between 18 to 30 months.

The breakeven point and investment payback period for our dining operations in Singapore as at 31 December 2017 was as follow:

Name of restaurant	Number of months required to achieve breakeven point	Number of months required to achieve investment payback point
Central (VC)	1	28
Central (JP)	1	6
Central (SV)	1	18
Central (OC)	4	N/A ⁽¹⁾
Central (RWS)	1	6
Central (WL)	1	N/A ⁽²⁾
Black Society (VC)	7	38 ⁽³⁾
Greyhound (PG)	1	N/A ⁽⁴⁾

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Notes:

1. Central (OC) commenced its operation in August 2013 and had not achieved investment payback before the cessation of business in January 2016. The restaurant was located in a shopping mall where it has higher customer traffic only on weekends and therefore has lower revenue generating capabilities. For the years ended 31 December 2015 and 2016, Central (OC) recorded operating margins of 19% and a negative operating margin of 370%, respectively. Operating margin of Central (OC) decreased significantly for the year ended 31 December 2016 as it operated for only three days in 2016.
2. Central (WL) had not achieved investment payback given that its operations only commenced in November 2016 and it is within our target investment payback period of 18 to 30 months.

Central (WL) achieved its breakeven point in its first month of operation when its monthly revenue was able to cover its monthly expenses and recorded operating margin of 3% for the year ended 31 December 2017.

3. Black Society (VC) commenced its operation in June 2006 and had achieved investment payback in 38 months. The restaurant has incurred high initial investment costs as it took up a relatively large area, thus the higher rental costs of Black Society (VC) also exerted a negative effect on the operating performance at the initial stage. Our Directors believe that the official opening of VivoCity Singapore only in December 2006 meant that customer-traffic was initially slow and subsequently began to pick up and reach maturity with the opening of the “Circle Line” section of Singapore’s mass-rapid transport system in October 2011 connecting “HarbourFront” station (entrance to the “HarbourFront” station is found on basement level one of VivoCity Singapore). For the years ended 31 December 2015, 2016 and 2017, the operating margins of Black Society (VC) were 8%, 15% and 12%, respectively.
4. Greyhound (PG) had not achieved investment payback given that its operations only commenced in December 2016 and it requires time for the new restaurant to stabilise its business. As at the Latest Practicable Date, Greyhound (PG) is within our target investment payback period of 18 to 30 months.

The above historical breakeven point and investment payback period during the Track Record Period are not indicative of our future performance as our Group’s revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond its control.

Set out below are restaurants that had not achieved our target investment payback point as at 31 December 2017:

Restaurant name	Reasons for not achieving investment payback point	Estimated year to achieve the investment payback point
Central (WL)	This restaurant has yet to achieve investment payback as it has only been in operation since November 2016. For the years ended 31 December 2016, Central (WL) recorded a negative operating margin of 15%. It subsequently recorded a positive operating margin of 3% for the year ended 31 December 2017.	2018

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Restaurant name	Reasons for not achieving investment payback point	Estimated year to achieve the investment payback point
Greyhound (PG)	This restaurant has yet to achieve investment payback as it has only been in operation since December 2016. For the year ended 31 December 2016, Greyhound (PG) recorded a negative operating margin of 52%. Subsequently, Greyhound (PG) has recorded a positive operating margin of 13% for the year ended 31 December 2017.	2019

The above estimated investment payback period assumed that our Group will maintain a stable performance and there is no material adverse change to the market conditions.

In addition, our Directors believe that factors such as (i) initial investment size; (ii) market reception; (iii) location; and (iv) timing of commencement of operation would also affect the time required for the investment payback. Generally, the greater the initial amount invested into a restaurant, the longer the period of time required for the restaurant to achieve investment payback. A new restaurant commences operation during the low season is likely to take a longer period of time to achieve breakeven point. For further details on seasonality, please refer to the paragraph headed “Operations and management — Seasonality” in this section.

About nine to 12 months after the commencement of operation of a restaurant, we will review the performance of the relevant restaurant to determine whether a restaurant is performing in accordance to the initial budget plan and, if necessary, we may re-negotiate the lease with the landlord, or consider relocation or closing the relevant restaurant. We will also consider carrying out renovation according to the conditions of the restaurants, including its furniture and fixtures, at the relevant time. Our Directors consider a restaurant to be underperforming if the average monthly revenue is unable to cover its average monthly expenses for the previous 12 months. We will continue to monitor the performance of our restaurants. If any of our restaurants continuously fails to meet its breakeven point after its operation commenced, we will consider the relevant restaurant to be underperforming, which may necessitate its relocation or closure.

Greyhound Franchise Agreement

As part of our effort to cooperate with other international brands, a franchise agreement dated 15 November 2016 has been entered into among JC Dining, as franchisee, and Greyhound Café Co., as franchisor and registered holder of the “Greyhound Café” trademark, and an Independent Third Party for the right to use certain proprietary information in the operation of a franchise under the “Greyhound Café” brand in Singapore for an initial term of five years from the date of the Greyhound Franchise Agreement.

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The salient terms of the Greyhound Franchise Agreement are as follows:

Term:	five years from the date of the Greyhound Franchise Agreement.
Renewal:	the Greyhound Franchise Agreement can be renewed for a further five years subject to, among other things, JC Dining giving written notice no less than 180 days prior to the expiry of the Greyhound Franchise Agreement and JC Dining has satisfied Greyhound Café Co.'s operational and other renewal criteria.
Franchise fees:	JC Dining shall pay Greyhound Café Co. (i) an initial payment for the territorial rights to Singapore and for the opening of the first "Greyhound Café" restaurant; and (ii) a store opening fee for the subsequent opening of "Greyhound Café" restaurant in Singapore.
Geographical exclusivity:	JC Dining is granted the exclusive right to establish, develop and operate restaurants under the "Greyhound Café" brand within Singapore.
Minimum sales target:	JC Dining is required to meet an annual minimum sales target as set out in the Greyhound Franchise Agreement (" Minimum Sales Target "). If the franchisee fails to meet the Minimum Sales Target for three consecutive financial years, Greyhound Café Co. is entitled to convert the exclusivity of rights granted to JC Dining under the Greyhound Franchise Agreement into non-exclusivity rights or terminate the Greyhound Franchise Agreement.
Royalty:	JC Dining is required to pay a royalty of the actual gross sales during the term of the Greyhound Franchise Agreement.
Expansion targets:	JC Dining is required to open at least four franchised "Greyhound Café" restaurants in Singapore within five years from the date of the Greyhound Franchise Agreement.
Decoration and design:	JC Dining is required, at its on cost and expense, to only hire designers who are selected and appointed by Greyhound Café Co. for the design and decoration at each franchised "Greyhound Café" restaurant.
Intellectual property:	all intellectual property rights, manuals, system property and goodwill relating to the "Greyhound Café" remain as the absolute property of Greyhound Café Co.; and

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the Greyhound Franchise Agreement may be terminated by prior written notice of either party in certain circumstances according to the terms contained thereof such as a material breach of the Greyhound Franchise Agreement.

Based on the Greyhound Franchise Agreement, we are required to operate the restaurants in accordance with the operating standards and systems provided by Greyhound Café Co., which covers, among others, price guidelines for menu items, restaurants management and food preparation methods. Alternatively, we may be required to consult with Greyhound Café Co. in respect of the use of the “Greyhound” trademark.

Further, we are required to maintain a minimum number of personnel required at each franchised “Greyhound Café” restaurant including restaurant manager, sous chef, Thai head chef, Thai chef de partie and head of bar, and fill certain managerial positions, such as brand manager, operations managers and executive chef to manage the operations of the “Greyhound Café” restaurants opened by us in Singapore.

As at the Latest Practicable Date, Greyhound (PG) was operating under the Greyhound Franchise Agreement. Our Group was obligated to pay an one-off franchise fee upon the opening of new outlet and royalty fee on monthly basis to Greyhound Café Co.. The franchise fee incurred for the years ended 31 December 2015, 2016 and 2017 were approximately nil, S\$242,900 and nil, respectively. The franchise fee incurred for the year ended 31 December 2017 was nil as no “Greyhound Café” restaurant was opened by us during the year. Whereas, the royalty fee incurred for the years ended 31 December 2015, 2016 and 2017 were approximately nil, S\$10,200 and S\$127,400, respectively.

As mentioned in the paragraph headed “Our strategies — Continue to expand our dining operations in Singapore” in this section, we believe that it is part of our business strategy to not only grow organically but also identify and cooperate with other international brands in order to leverage on their existing resources in brand building and status to ensure our return on investment. As at the Latest Practicable Date, our Group was not in any discussion or negotiation with any parties for the opening of any other brands of restaurant.

OUR ARTISANAL BAKERY CHAIN IN MALAYSIA

Our artisanal bakery chain in Malaysia operating under our “Bread Story” brand offers a wide selection of artisan breads, pastries and cakes. Our first “Bread Story” bakery retail outlet was opened in 2002 in Mid Valley Megamall. On a daily basis, our self-operated bakery retail outlets offer more than 50 types of different bakery products. Some of our bakery retail outlets have on-site kitchen which also act as a show kitchen where customers can observe the baking process, which enhances their shopping experience.

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Our retail network

As at the Latest Practicable Date, we operated a retail network of 16 self-operated bakery retail outlets throughout Selangor and Kuala Lumpur. We have four franchised bakery retail outlets, of which three are located in Langkawi and one located in Selangor, Malaysia.

The following table sets out the bakery retail outlet name and type, bakery retail outlet location, opening date, type of premises, and the state of Malaysia where our bakery retail outlets as at the Latest Practicable Date:

	Bakery retail outlet name	Bakery retail outlet type	Bakery retail outlet location	Opening date	Type of premises	State
1.	Bread Story (1U)	Self-operated	Lot LG333 Lower Ground Floor, 1 Utama Shopping Centre, No. 1, Lebuhraya Utama, 47800 Petaling Jaya, Selangor Darul Ehsan	November 2003	Shopping mall	Selangor
2.	Bread Story (OUG)	Self-operated	Lot G1, Ground Floor, Parkson OUG Plaza, Jalan Mega Kecil, Taman United, 58200 Wilayah Persekutuan, Kuala Lumpur	July 2004	Shopping mall	Kuala Lumpur
3.	Bread Story (SWPY)	Self-operated	LG2.33, Lower Ground Two, Sunway Pyramid Shopping Mall No.3, Jalan PJS 11/15 Bandar Sunway, 46150 Petaling Jaya, Selangor	July 2005	Shopping mall	Selangor
4.	Bread Story (GM)	Self-operated	LG212, Lower Ground Floor, The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	August 2008	Shopping mall	Kuala Lumpur
5.	Bread Story (LM)	Self-operated	Lot L1-48-1, Level 1, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	September 2009	Shopping mall	Kuala Lumpur
6.	Bread Story (TM)	Self-operated	Unit L1-K23(P), Level 1, The Mines, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor	March 2015	Shopping mall	Selangor

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	Bakery retail outlet name	Bakery retail outlet type	Bakery retail outlet location	Opening date	Type of premises	State
7.	Bread Story (IJN)	Self-operated	Ground Floor, Block A, Institut Jantung Negara, 145 Jalan Tun Razak, 50400 Kuala Lumpur	April 2015	Hospital	Selangor
8.	Bread Story (SP)	Self-operated	Unit LG-3, Lower Ground Floor, Sunway Putra Mall, No. 100, Jalan Putra, 50350 Kuala Lumpur	June 2015	Shopping mall	Kuala Lumpur
9.	Bread Story (PSA)	Self-operated	Lot No G35 & 36, Ground Floor, Plaza Shah Alam, No.2, Jalan Tengku Ampuan Zabedah E9/E, Seksyen 9, 40100 Shah Alam, Selangor	July 2016	Shopping mall	Selangor
10.	Bread Story (SBP)	Self-operated	Lot No. LGC 09(II), Lower Ground Floor, Subang Parade, No.5, Jalan SS16/1, 47500 Subang Jaya, Selangor	July 2016	Shopping mall	Selangor
11.	Bread Story (IOI)	Self-operated	Lot GK20B, Ground Floor, IOI Mall, Batu 9 Jalan Puchong, Bandar Puchong Jaya, Puchong, 47170 Selangor	September 2016	Shopping mall	Selangor
12.	Bread Story (SV)	Self-operated	Lot B-41, Basement 1, Sunway Velocity Mall, LingkananSV, Sunway Velocity, 55100 Kuala Lumpur	March 2017	Shopping mall	Kuala Lumpur
13.	Bread Story (MT)	Self-operated	Lot B1-037, Mytown Shopping Centre, No. 6, Jalan Cochrane, Seksyen 90, 55100 Kuala Lumpur	March 2017	Shopping mall	Kuala Lumpur
14.	Bread Story (SWP) (Note 1)	Self-operated	Unit C51, Concourse level, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur	January 2016	Shopping mall	Kuala Lumpur

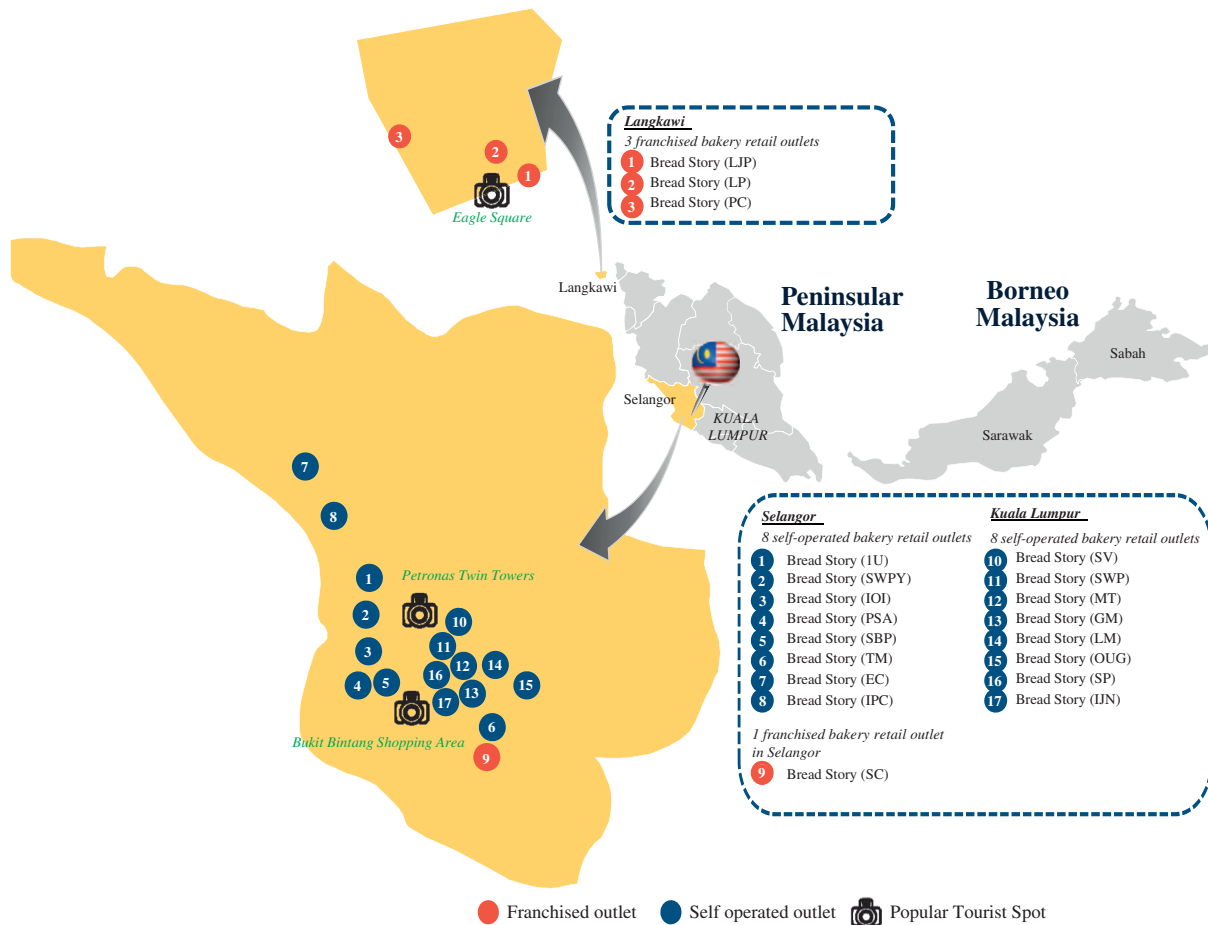
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	Bakery retail outlet name	Bakery retail outlet type	Bakery retail outlet location	Opening date	Type of premises	State
15.	Bread Story (EC)	Self-operated	C-158A, Concourse Level, Empire City Damansara Jalan Damansara, Damansara Perdana, PJU 8, 47820 Petaling Jaya, Selangor	August 2017	Shopping mall	Selangor
16.	Bread Story (IPC)	Self-operated	LG 1, 23A, Lower Ground Floor, IPC Shopping Centre, No. 2 Jalan PJU 7/2, Mutiarra Damansara, 47800 Petaling Jaya, Selangor	October 2017	Shopping mall	Selangor
17.	Bread Story (SC)	Franchised	Ground Floor, Segi University, No. 9, Jalan Teknologi, Taman Sains Selangor, Kota Damansara, PJU 5. 47810 Petaling Jaya, Selangor	November 2013	University	Selangor
18.	Bread Story (LP)	Franchised	Lot 1 Basement Floor, Langkawi Parade, A 14-15 Pokok Asrama ASN, 07000 Kuah Langkawi	March 2006	Shopping mall	Langkawi
19.	Bread Story (LJP)	Franchised	Lot K3 &K 4, Jetty Point Langkawi, Pulau 07000 Langkawi	October 2008	Shopping mall	Langkawi
20.	Bread Story (PC)	Franchised	2328, Jalan Pantai Cenang, 07000 Langkawi	December 2011	Street level shop	Langkawi

Note 1: Bread Story (SWP) commenced operation in August 2009 at another premises in Sungei Wang Plaza, Kuala Lumpur, and relocated to the existing premises on January 2016.

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The following map shows the approximate locations of our artisanal bakery chain in Peninsular Malaysia as at the Latest Practicable Date.



Note: The locations of our bakery retail outlet in the map above are for reference only and may not be an indication of the exact location

Artisanal bakery chain in Peninsula Malaysia

We sell our bakery products primarily through our bakery retail outlets. In selecting the location of our self-operated bakery retail outlets, we consider factors including location, flow of customer traffic, rental and potential competition within the same area, which weighed differently depending on the type of target bakery retail outlet we intend to open.

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The following table sets forth a breakdown of revenue generated from (i) our self-operated bakery retail outlets and (ii) Bread Story Franchisees during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Self-operated bakery retail outlets ^(Note)	4,197	4,571	4,626
Bread Story Franchisees			
- Franchise and royalty fee income	63	125	73
- Sales of bakery products, ingredients and consumables	74	78	381
Total	4,334	4,774	5,080

Note: Included sales to corporate customers directly from Central Bakery of approximately S\$1,000, S\$47,000 and S\$97,000 for the years ended 31 December 2015, 2016 and 2017, respectively.

OPERATIONAL PERFORMANCE OF OUR ARTISANAL BAKERY CHAIN IN MALAYSIA

Set forth below are certain key operational information of our self-operated bakery retail outlets for the year ended 31 December 2015 (unless otherwise stated):

Name of bakery retail outlets	Area of premises (sq.ft) <i>(approximate)</i>	Number of operation days	Number of transaction <i>(approximate)</i>	Total revenue <i>(S\$'000)</i>	Average spending per transaction <i>(S\$)</i> <i>(Note 1)</i>	Average daily revenue <i>(S\$'000)</i> <i>(Note 2)</i>	Operating margin <i>(%)</i> <i>(Note 3)</i>
Bread Story (1U)	1,286	363	106,681	389	3.7	1.1	7
Bread Story (OUG)	899	363	60,299	218	3.6	0.6	5
Bread Story (SWPY)	976	363	94,279	379	4.0	1.0	1
Bread Story (GM)	958	363	219,844	904	4.1	2.5	23
Bread Story (LM)	566	347	143,170	570	4.0	1.6	23
Bread Story (TM) ⁽⁴⁾	205	304	42,034	142	3.4	0.5	19
Bread Story (IJN) ⁽⁵⁾	689	268	101,344	345	3.4	1.3	22
Bread Story (SP)	1,131	185	30,190	111	3.7	0.6	(1)
Bread Story (SWP)	172	363	35,026	106	3.0	0.3	4
Bread Story (FM) ⁽⁶⁾	995	85	10,686	39	3.6	0.5	(43)
Bread Story (TM1) ⁽⁷⁾	1,199	203	25,786	104	4.0	0.5	(32)
Bread Story (KLIA)	601	363	65,048	230	3.5	0.6	(19)
Bread Story (IPC1)	920	363	87,630	327	3.7	0.9	9
Bread Story (SS) ⁽⁸⁾	386	298	116,804	332	2.8	1.1	4
Sub-total			1,138,821	4,196	3.7	1.0	10
Central Bakery				1			
Total				4,197			

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Set forth below are certain key operational information of our self-operated bakery retail outlets for the year ended 31 December 2016 (unless otherwise stated):

Name of bakery retail outlets	Area of premises (sq.ft) <i>(approximate)</i>	Number of operation days	Number of transaction <i>(approximate)</i>	Total revenue <i>(\$'000)</i>	Average spending per transaction <i>(\$)</i> <i>(Note 1)</i>	Average daily revenue <i>(\$'000)</i> <i>(Note 2)</i>	Operating margin <i>(%)</i> <i>(Note 3)</i>
Bread Story (IU) ⁽⁹⁾	1,286/872	341	94,680	316	3.3	0.9	1
Bread Story (OUG)	899	364	44,180	149	3.4	0.4	1
Bread Story (SWPY)	976	364	106,637	418	3.9	1.1	5
Bread Story (GM)	958	364	233,876	912	3.9	2.5	23
Bread Story (LM)	566	364	147,864	584	4.0	1.6	23
Bread Story (TM)	205	364	51,140	157	3.1	0.4	19
Bread Story (IJN)	689	363	132,985	437	3.3	1.2	23
Bread Story (SP)	1,131	364	81,990	287	3.5	0.8	11
Bread Story (PSA) ⁽¹⁰⁾	350	170	31,448	125	4.0	0.7	29
Bread Story (SBP) ⁽¹¹⁾	200	163	32,516	110	3.4	0.7	25
Bread Story (IOI) ⁽¹²⁾	254	108	32,664	113	3.5	1.0	24
Bread Story (SWP) ⁽¹³⁾	334	340	36,204	106	2.9	0.3	(8)
Bread Story (KLIA) ⁽¹⁴⁾	601	150	26,892	87	3.2	0.6	(12)
Bread Story (IPC1)	920	364	86,180	304	3.5	0.8	3
Bread Story (SS)	386	364	137,723	419	3.0	1.2	6
Sub-total			1,276,979	4,524	3.5	1.0	14
Central Bakery				47			
Total				4,571			

Set forth below are certain key operational information of our self-operated bakery retail outlets for the year ended 31 December 2017 (unless otherwise stated):

Name of bakery retail outlets	Area of premises (sq.ft) <i>(approximate)</i>	Number of operation days	Number of transaction <i>(approximate)</i>	Total revenue <i>(\$'000)</i>	Average spending per transaction <i>(\$)</i> <i>(Note 1)</i>	Average daily revenue <i>(\$'000)</i> <i>(Note 2)</i>	Operating margin <i>(%)</i> <i>(Note 3)</i>
Bread Story (IU) ⁽⁹⁾	872	363	96,062	334	3.5	0.9	4
Bread Story (OUG)	899	363	38,395	139	3.6	0.4	(12)
Bread Story (SWPY)	976	363	113,091	445	3.9	1.2	10
Bread Story (GM)	958	363	195,441	752	3.8	2.1	24
Bread Story (LM)	566	363	138,514	525	3.8	1.4	28
Bread Story (TM)	205	363	41,520	122	2.9	0.3	8
Bread Story (IJN)	689	363	121,417	401	3.3	1.1	23
Bread Story (SP)	1,131	362	93,945	322	3.4	0.9	11
Bread Story (PSA) ⁽¹⁰⁾	350	362	49,696	173	3.5	0.5	12
Bread Story (SBP) ⁽¹¹⁾	200	363	58,942	184	3.1	0.5	14
Bread Story (IOI) ⁽¹²⁾	254	363	107,047	370	3.5	1.0	24
Bread Story (SWP) ⁽¹³⁾	334	363	31,226	87	2.8	0.2	(23)
Bread Story (SV) ⁽¹⁵⁾	1,139	304	97,065	349	3.6	1.1	7
Bread Story (MT) ⁽¹⁶⁾	658	278	29,445	100	3.4	0.4	(28)
Bread Story (EC) ⁽¹⁷⁾	747	134	11,605	30	2.6	0.2	3
Bread Story (IPC) ⁽¹⁸⁾	784	90	15,067	47	3.1	0.5	(20)

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Name of bakery retail outlets	Area of premises (sq.ft) (approximate)	Number of operation days	Number of transaction (approximate)	Total revenue (S\$'000)	Average spending per transaction (S\$) (Note 1)	Average daily revenue (S\$'000) (Note 2)	Operating margin (%) (Note 3)
Bread Story (IPC1) ⁽¹⁹⁾	920	22	5,836	21	3.6	0.9	(50)
Bread Story (SS) ⁽⁸⁾	386	103	48,317	128	2.6	1.2	10
Sub-total			1,292,631	4,529	3.3	0.8	13
Central Bakery				97			
Total				4,626			

Notes:

1. Average spending per transaction is calculated by dividing the total revenue by the total number of transactions of the relevant bakery retail outlet.
2. Average daily revenue is calculated by dividing the total revenue by the number of operation days of the relevant bakery retail outlet.
3. Operating margin is calculated by dividing the operating profit for the year/period by revenue. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs, and income tax credit/expenses.
4. Bread Story (TM) commenced its operation in March 2015.
5. Bread Story (IJN) commenced its operation in April 2015.
6. Bread Story (FM) ceased its operation in March 2015 due to unsatisfactory financial performance.
7. Bread Story (TM1) ceased its operation in July 2015 due to expiration of lease.
8. Bread Story (SS) commenced operation in March 2015 and subsequently ceased its operation in April 2017 due to the mall's redevelopment and revamp exercise.
9. The area of premises of Bread Story (1U) was changed from 1,286 sq.ft. to 872 sq.ft. after renovation in May 2016.
10. Bread Story (PSA) commenced operation in July 2016.
11. Bread Story (SBP) commenced operation in July 2016.
12. Bread Story (IOI) commenced operation in September 2016.
13. Bread Story (SWP) was relocated to another premises with larger area within the same shopping mall in January 2016.
14. Bread Story (KLIA) ceased its operation in June 2016 due to unsatisfactory financial performance.
15. Bread Story (SV) commenced operation in March 2017.
16. Bread Story (MT) commenced operation in March 2017.
17. Bread Story (EC) commenced operation in August 2017.

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18. Bread Story (IPC) commenced operation in October 2017.
19. Bread Story (IPC1) ceased its operation in January 2017 due to the mall's redevelopment and revamp exercise.

Bread Story (1U)

The operating margin of Bread Story (1U) decreased from 7% for the year ended 31 December 2015 to 1% for the year ended 31 December 2016. Such decrease was mainly attributable to the decrease in the number of transactions from approximately 106,681 for the year ended 31 December 2015 to 94,680 for the year ended 31 December 2016, as a result of the decrease in the number of operation days for the year ended 31 December 2016 due to the temporary closure of Bread Story (1U) for renovation in May 2016.

The operating margin of Bread Story (1U) increased from 1% for the year ended 31 December 2016 to 4% for the year ended 31 December 2017 mainly attributable to the decrease in rental expenses due to the downsize of outlet area after renovation.

Bread Story (OUG)

The operating margin of Bread Story (OUG) decreased from 5% for the year ended 31 December 2015 to 1% for the year ended 31 December 2016. Such decrease was mainly due to the decrease in the number of transactions from 60,299 for the year ended 31 December 2015 to 44,180 for the year ended 31 December 2016.

The operating margin further decreased from 1% for the year ended 31 December 2016 to negative operating margin of 12% for the year ended 31 December 2017 due to the decrease in number of transactions from 44,180 for the year ended 31 December 2016 to 38,395 for the year ended 31 December 2017. Our Directors consider that such decreases were mainly attributable to the opening of a new shopping mall next to OUG Plaza in the end of 2016, as the opening of the new shopping mall may attract more customers, thus led to lower customer traffic in OUG Plaza.

Bread Story (SWPY)

The operating margin of Bread Story (SWPY) increased from 1% for the year ended 31 December 2015 to 5% for the year ended 31 December 2016. Such increase was mainly attributable to the increase in the number of transactions from approximately 94,279 for the year ended 31 December 2015 to 106,637 for the year ended 31 December 2016.

The operating margin of Bread Story (SWPY) increased from 5% for the year ended 31 December 2016 to 10% for the year ended 31 December 2017. Such increase was mainly attributable to the increase in the number of transactions from approximately 106,637 for the year ended 31 December 2016 to 113,091 for the year ended 31 December 2017.

Our Directors believe that the increase in the number of transactions of Bread Story (SWPY) was attributable to the increasing popularity of Sunway Pyramid Shopping Mall after its expansion in 2015.

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Bread Story (GM)

The operating margin of Bread Story (GM) remained stable at 23%, 23% and 24% for the years ended 31 December 2015, 2016 and 2017, respectively. Bread Story (GM) was opened in 2008 and able to establish our brand recognition in the shopping mall, hence generate stable revenue as well as operating margin during the Track Record Period.

Bread Story (LM)

The operating margin of Bread Story (LM) remained stable at 23% and 23% for the years ended 31 December 2015 and 2016, respectively, and subsequently increased to 28% for the year ended 31 December 2017. Bread Story (LM) was opened in 2009 and able to establish our brand recognition in the shopping mall, hence generate stable revenue as well as operating margin during the Track Record Period.

Bread Story (TM) (commenced operation in March 2015)

The operating margin of Bread Story (TM) remained stable at 19% and 19% for the years ended 31 December 2015 and 2016, respectively. In 2009, we opened Bread Story (TM1) in The Mines, which ceased operations in July 2015 due to expiration of lease. Bread Story (TM) opened in March 2015 continued to establish our brand recognition in the shopping mall, hence generate stable revenue as well as operating margin during the Track Record Period.

The operating margin of Bread Story (TM) subsequently decreased to 8% for the year ended 31 December 2017, which is mainly attributable to the decrease in the number of transactions from approximately 51,140 for the year ended 31 December 2016 to 41,520 for the year ended 31 December 2017.

Bread Story (IJN) (commenced operation in April 2015)

Bread Story (IJN) commenced operation in April 2015 and recorded relatively stable operating margin of 22%, 23% and 23% for the years ended 31 December 2015, 2016 and 2017, respectively. Bread Story (IJN) was able to achieve investment payback point in six months.

Bread Story (SP) (commenced operation in June 2015)

Bread Story (SP) recorded negative operating margin of 1% for the year ended 31 December 2015, which was mainly due to Bread Story (SP) being launched in June 2015. Subsequently, Bread Story (SP) recorded positive operating margin of 11% and 11% for the years ended 31 December 2016 and 2017, since Bread Story (SP) has established its customer base in the shopping mall.

Bread Story (PSA) (commenced operation in July 2016)

Bread Story (PSA) commenced operation since July 2016 and recorded operating margin of 29% and 12% for the years ended 31 December 2016 and 2017, respectively. The higher operating margin recorded in 2016 was mainly due to the opening promotion launched during the initial opening period. Bread Story (PSA) was able to achieve investment payback point as at the Latest Practicable Date.

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Bread Story (SBP) (commenced operation in July 2016)

Bread Story (SBP) commenced operation since July 2016 and recorded positive operating margin of 25% and 14% for the years ended 31 December 2016 and 2017, respectively. The higher operating margin recorded in 2016 was mainly due to the opening promotion launched during the initial opening period. Bread Story (SBP) was able to achieve investment payback point as at the Latest Practicable Date.

Bread Story (IOI) (commenced operation in September 2016)

Bread Story (IOI) commenced operation since September 2016 and recorded positive operating margin of 24% and 24% for the years ended 31 December 2016 and 2017, respectively. Bread Story (IOI) was able to achieve investment payback point as at 31 December 2017.

Bread Story (SWP)

The operating margin of Bread Story (SWP) decreased from 4% for the year ended 31 December 2015 to negative operating margin of 8% for the year ended 31 December 2016, mainly attributable to the increase in property rentals and related expenses for the year ended 31 December 2016 as a result of the increase in premise area of Bread Story (SWP) from 172 sq.ft. to 334 sq.ft. due to the relocation within the same shopping mall in January 2016.

Bread Story (SWP) subsequently recorded negative operating margin of 23% for the year ended 31 December 2017, mainly attributable to its relocation in January 2016 which has incurred significant amount of depreciation expenses, together with the increase in property rental and related expenses. As a result, Bread Story (SWP) recorded net loss for the year ended 31 December 2017.

Bread Story (SV) (commenced operation in March 2017)

Bread Story (SV) commenced operation in March 2017 and recorded positive operating margin of 7% for the year ended 31 December 2017.

Bread Story (MT) (commenced operation in March 2017)

Bread Story (MT) commenced operation in March 2017 and recorded negative operating margin of 28% for the year ended 31 December 2017, which was primarily due to low customer traffic as a result of the delay of the construction of the underground walkway connecting from the train station to the MyTown shopping centre.

Bread Story (EC) (commenced operation in August 2017)

Bread Story (EC) commenced operation on 20 August 2017 and recorded operating margin of 3% for the year ended 31 December 2017.

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Bread Story (FM) (closed in March 2015)

Bread Story (FM) recorded negative operating margin of 43% for the year ended 31 December 2015, it ceased operation in March 2015 due to unsatisfactory financial performance.

Bread Story (TM1) (closed in July 2015)

Bread Story (TM1) recorded negative operating margin of 32% for the year ended 31 December 2015, it ceased operation in July 2015 due to expiration of lease.

Bread Story (KLIA) (closed in June 2016)

Bread Story (KLIA) recorded negative operating margin of 19% and 12% for the years ended 31 December 2015 and 2016, respectively. It subsequently ceased its operation in June 2016 as a result of unsatisfactory financial performance.

Bread Story (IPC1) (closed in January 2017)

The operating margin of Bread Story (IPC1) decreased from 9% for the year ended 31 December 2015 to 3% for the year ended 31 December 2016 mainly attributable to the decrease in average spending per transaction from S\$3.7 to S\$3.5. Bread Story (IPC1) recorded negative operating margin of 50% for the year ended 31 December 2017 as it has operated for only 22 days in 2017. Bread Story (IPC1) has since ceased its operation in January 2017 due to the mall's redevelopment and revamp exercise.

Bread Story (SS) (closed in April 2017)

The operating margin of Bread Story (SS) increased from 4% for the year ended 31 December 2015 to 6% for the year ended 31 December 2016 mainly attributable to the increase in the number of transactions from 116,804 to 137,723. Subsequently, Bread Story (SS) recorded operating margin of 10% for the year ended 31 December 2017. Bread Story (SS) has since ceased its operation in April 2017 due to the mall's redevelopment and revamp exercise.

Bread Story Franchise Agreements

As at the Latest Practicable Date, the Bread Story Franchise Agreements were entered between Bread Story Co. as franchisor and five other Independent Third Parties as franchisees, for the right to use certain proprietary information in the operation of franchises under our self-owned "Bread Story" brand in Malaysia for an initial terms of five years. As at the Latest Practicable Date, three of our five Bread Story Franchisees were operating a total of four franchised bakery retail outlets under their respective Bread Story Franchise Agreements, of which three operated in Langkawi, and one operated in Selangor. The remaining three Bread Story Franchisees have yet to identify a suitable location for opening a bakery retail outlet.

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The salient terms of the Bread Story Franchise Agreements are generalised below:

Nature of franchise	:	Single unit franchise and area franchise
Term	:	A fixed term of five years with an option to renew for a further five years
Renewal of term	:	The option to renew is subject to the conditions of, among others, the franchisee (i) executing a new franchise agreement; (ii) paying a renewal fee without set-off or deduction; and (iii) agreeing in writing to perform maintenance, renovation, repairs and refurbishment prior to the expiry of the original agreement
Geographical exclusivity	:	The Bread Story Franchisees is obligated to extend the right and licence granted under the franchise agreement, including selling of the products of Bread Story, only to the outlet premises set out specifically in the Bread Story Franchise Agreement
Product and procurement		Products : The Bread Story Franchisees shall only sell products and services described in the operation manual compiled by Bread Story and specified the methods, processes, techniques, systems, and schemes of the operation of Bread Story business (“ Operation Manual ”). Procurement : The Bread Story Franchisee shall only purchase the carrier bags, letter headings, name cards, invoices, signs, display materials, promotional literature, equipment and other items in connection with Bread Story business from Bread Story. The procurement of other materials in relation to the business shall be approved by Bread Story. : The Bread Story Franchisee shall also purchase products, materials and equipment required by Bread Story from Bread Story or its approved suppliers

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Obligations of franchisor	:	To provide the franchisee with, among others, (i) advice regarding site selection, interior design and opening of outlet; (ii) initial and on-going training in product preparation, customer service and product information; (iii) on-site advice and consultation; and (iv) market information and to pay visits to and review the operation of franchised outlets.
Obligations of franchisee	:	The Bread Story Franchisee is obligated to, among others, (i) comply with the terms of the Bread Story Franchise Agreements and the Operations Manual; (ii) not to disclose any knowledge concerning the Bread Story business to third parties; (iii) to adhere to the retail prices of the products and services determined by Bread Story in consultation with the Bread Story Franchisee; (iv) to open new outlet in Kuala Lumpur only if approved by Bread Story; (v) to operate a payment on collection system and not to delay payment of royalty due to Bread Story for any payment on credit allowed by the franchisee; and (vi) to make available monthly sales reports and accounts to Bread Story.
Negative covenants of franchisees	:	The Bread Story Franchisee shall not, among others, (i) transfer or charge the Bread Story business, trademarks or the business operation system designed by Bread Story without written consent of Bread Story; (ii) use any of the Bread Story trademarks as part of its corporate name; (iii) supply or retail the products outside the outlet premises; (iv) re-sell the raw materials, ingredients or other products supplied by Bread Story; (v) alter the formulae or specifications of the products supplied by Bread Story; and (vi) not to carry other activities other than the Bread Story business.
Fees payable	:	The Bread Story Franchisee shall pay (i) a non-refundable franchise fee upon signing of the Bread Story Franchise Agreement; (ii) a royalty 6% gross sales turnover each month; and (iii) upon renewal of the Bread Story Franchise Agreement, a renewal franchise fee.
Minimum sales target	:	The Bread Story Franchise Agreements contain requirement as to the minimum sales amount. The Bread Story Franchisees are therefore obligated to pay a minimum monthly royalty.

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Intellectual property rights	:	The legal rights to the intellectual property rights of Bread Story including certain trademarks (“Proprietary Rights”) are licensed to the Bread Story Franchisee by Bread Story.
Insurance	:	The Bread Story Franchisee is required to take out insurance cover against all risk of operating the Bread Story business.
Termination	:	The Bread Story Franchise Agreements may be terminated by Bread Story with prior written notice in certain circumstances, in accordance with the terms contained therein, such as (i) failure to achieve the minimum sales target for two consecutive years; (ii) failure to submit accounts within 30 days after receipt of request from Bread Story; (iii) misuse or impairment of the goodwill of Bread Story; and (iv) any other form of breach of the Bread Story Franchise Agreements. The Bread Story Franchise Agreements may also be terminated by Bread Story without notice if the Bread Story Franchisee or its principal becomes insolvent or bankrupted.

Notes:

- (1) One of our Bread Story Franchisees, who operates Bread Story (SC), has entered into a supplemental agreement with Bread Story Co. in respect of the waiver of royalty fees in November 2013. This arrangement was made mainly due to the unique operation model of Bread Story (SC). Unlike the rest of our franchised bakery retail outlets, Bread Story (SC) does not have an on-site kitchen. It directly purchased bakery products (instead of bakery ingredients) from our Group and thus generated lower profit margin. In addition, Bread Story (SC) is located in Segi University, Selangor, therefore relatively lower revenue was generated during the school holidays. After negotiation with the franchisee, our Group decided to waive its royalty fee as a gesture of goodwill to establish a long-term relationship with the franchisee.

Income received from our Bread Story Franchisees mainly comprised (i) franchise and royalty fee; and (ii) sales of bakery products, ingredients and consumables which were recorded as revenue in our financial statement. For the years ended 31 December 2015, 2016 and 2017, income received from our Bread Story Franchisees was approximately S\$137,000, S\$203,000 and S\$454,000, respectively, representing approximately 1.1%, 1.3% and 2.3% of our total revenue of the respective period.

In order to ensure that our Bread Story Franchisees operate in compliance with the Bread Story Franchise Agreements according to our standards, we have arranged for our staff members to conduct periodic site visits to the franchised bakery retail outlets and provided the Operational Manual to each of the Bread Story Franchisees for their reference. During the Track Record Period and as at the Latest Practicable Date, we were not aware of any breach in the terms of their respective Bread Story Franchise Agreement by the Bread Story Franchisees.

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As at the Latest Practicable Date, save for three of our Bread Story Franchisees which has yet to identify a suitable location for opening a bakery retail outlet, our Group was not in any discussion or negotiation with any parties for the opening of any other franchised bakery retail outlets.

Historical changes of our artisanal bakery chain in Malaysia

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

	Number of self-operated bakery retail outlets	Number of franchised bakery retail outlets	Total number of bakery retail outlets
As at 1 January 2015	10	10	20
Commencement of operation during the year	4	—	4
Closure during the year	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>
As at 31 December 2015 and 1 January 2016	12	7	19
Commencement of operation during the year	3	—	3
Closure during the year	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
As at 31 December 2016 and 1 January 2017	14	6	20
Commencement of operation during the year	4	—	4
Closure during the year	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
As at 31 December 2017 and 1 January 2018	16	5	21
Commencement of operation during the period	—	—	—
Closure during the period	<u>—</u>	<u>(1)</u>	<u>(1)</u>
As at the Latest Practicable Date	<u>16</u>	<u>4</u>	<u>20</u>

We have closed five self-operated bakery retail outlets and six franchised bakery retail outlets during the Track Record Period and up to the Latest Practicable Date. The following table sets out the bakery retail outlet name, opening date, closing date, type of premises, state of Malaysia where the bakery retail outlet operates, and the reasons for their respective closure of our self-operated bakery retail outlets during the Track Record Period and up to the Latest Practicable Date:

Bakery retail outlet name	Opening date	Closing date	Type of premises	State	Reason for closure
Bread Story (FM)	August 2012	March 2015	Shopping mall	Kuala Lumpur	Early termination due to unsatisfactory financial performance

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Bakery retail outlet name	Opening date	Closing date	Type of premises	State	Reason for closure
Bread Story (TM1)	August 2009	July 2015	Shopping mall	Selangor	Expiration of lease
Bread Story (KLIA)	May 2014	June 2016	Shopping mall	Kuala Lumpur	Early termination due to unsatisfactory financial performance
Bread Story (IPC1)	December 2003	January 2017	Shopping mall	Selangor	Mall's redevelopment and revamp exercise
Bread Story (SS)	March 2015	April 2017	Shopping mall	Kuala Lumpur	Mall's redevelopment and revamp exercise

Breakeven point and investment payback period

We consider that a bakery retail outlet achieves its breakeven point when its monthly revenue is at least equal to the monthly expenses, taking into account the non-cash items such as depreciation and amortization expenses since the commencement of business of the bakery retail outlet. The breakeven point of our self-operated bakery retail outlets during the Track Record Period generally ranged from one to two months.

Our Directors consider that a bakery retail outlet achieves its investment payback when the operating cash flow accumulated from the commencement of business of the bakery retail outlet covers the costs of opening and operations, including incurred capital expenditures and ongoing cash operating expenses. During the initial planning stage for our new self-operated bakery retail outlet, our Directors generally target an investment payback period of between 12 to 18 months.

The breakeven point and investment payback period for our self-operated bakery retail outlets commenced operation as at 31 December 2017 was as follow:

Name of bakery retail outlet	Number of months required to achieve breakeven point	Number of months required to achieve investment payback point
Bread Story (TM)	1	9
Bread Story (IJN)	2	6
Bread Story (SP)	2	14
Bread Story (PSA)	2	10
Bread Story (SBP)	2	10
Bread Story (IOI)	2	7
Bread Story (SV)	2	N/A ⁽¹⁾
Bread Story (MT)	2	N/A ⁽¹⁾
Bread Story (SS)	2	13
Bread Story (EC)	N/A ⁽²⁾	N/A ⁽¹⁾
Bread Story (IPC)	N/A ⁽²⁾	N/A ⁽¹⁾

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Notes:

1. Bread Story (SV), Bread Story (MT), Bread Story (EC) and Bread Story (IPC) have not achieved investment payback point as at 31 December 2017 given that they only commenced operation in March 2017, March 2017, August 2017 and October 2017, respectively. It requires time for the new bakery retail outlet to stabilise its business. The abovementioned bakery retail outlets are within our target investment payback period of 12 to 18 months.
2. Bread Story (EC) and Bread Story (IPC) have yet to achieve breakeven point up to 31 December 2017, as it has commenced operation since August 2017 and October 2017, respectively.

The above historical breakeven point and investment payback period during the Track Record Period are not indicative of our future performance as our Group's revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond its control.

Set out below are self-operated bakery retail outlets that had not achieved our target investment payback point as at 31 December 2017:

Name of bakery retail outlet	Reasons for not achieving investment payback point	Estimated year to achieve the investment payback point
Bread Story (SV)	This bakery retail outlet has yet to achieve investment payback as it has only been in operation since March 2017. For the year ended 31 December 2017, Bread Story (SV) recorded an operating margin of 7%. Our Directors believe that the estimated year to achieve investment payback point will be in 2018.	2018
Bread Story (MT)	This bakery retail outlet has yet to achieve investment payback as it has only been in operation since March 2017. For the year ended 31 December 2017, Bread Story (MT) recorded negative operating margin of 28%. Our Directors believe that the estimated year to achieve investment payback point will be in 2019.	2019

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Name of bakery retail outlet	Reasons for not achieving investment payback point	Estimated year to achieve the investment payback point
Bread Story (EC)	This bakery retail outlet has yet to achieve investment payback as it has only been in operation since August 2017. For the year ended 31 December 2017, Bread Story (EC) recorded negative operating margin of 3%. Our Directors believe that the estimated year to achieve investment payback point will be in 2018.	2018
Bread Story (IPC)	This bakery retail outlet has yet to achieve investment payback as it has only been in operation since October 2017. For the year ended 31 December 2017, Bread Story (IPC) recorded negative operating margin of 20%. Our Directors believe that the estimated year to achieve investment payback point will be in 2018.	2018

The above estimated investment payback period assumed that our Group will maintain a stable performance and there is no material adverse change to the market conditions.

In addition, our Directors believe that factors such as (i) initial investment size; (ii) market reception; (iii) location; and (iv) timing of commencement of operation would also affect the time required for the investment payback. Generally, the greater the initial amount invested into a bakery retail outlet, the longer the period of time required for the bakery retail outlet to achieve investment payback. A new bakery retail outlet commences operation during the low season is likely to take a longer period of time to achieve breakeven point. For further details on seasonality, please refer to the paragraph headed “Operations and management — Seasonality” in this section.

About nine to 12 months after the commencement of operation of a self-operated bakery retail outlet, we will review the performance of the relevant bakery retail outlet to determine whether a bakery retail outlet is performing in accordance to the initial budget plan and, if necessary, we may re-negotiate the lease with the landlord, or consider relocation or closing the relevant bakery retail outlet. Our Directors consider a bakery retail outlet to be underperforming if the average monthly revenue is unable to cover its average monthly expenses for the previous 12 months. We will continue to monitor the performance of our bakery retail outlets. If any of our bakery retail outlets continuously fails to meet its breakeven point after its operation commenced, we will consider the relevant bakery retail outlet to be underperforming, which may necessitate its relocation or closure.

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Our Products

Overview

Our diverse product line is subject to constant innovation to meet the demands of our customers. Since we began production of bakery products in 2002, we have developed and introduced wide varieties of breads, pastries and cakes. As at the Latest Practicable Date, we offered more than 100 varieties of breads, around 10 varieties of pastries and 80 varieties of cakes through our artisanal bakery chain in Malaysia. Each of our bakery retail outlet offered an average of over 50 varieties of bakery products a day. In addition, all our products produced under our “Bread Story” brand, as at the Latest Practicable Date, were halal certified.

The following table shows the revenue generated from our self-operated bakery retail outlets, by (i) bread; (ii) pastries and cakes and (iii) beverages during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%
Bread	3,384	80.6	3,557	77.8	3,461	74.8
Pastries and cakes	758	18.1	966	21.1	1,096	23.7
Beverages	55	1.3	48	1.1	69	1.5
Total	<u>4,197</u>	<u>100.0</u>	<u>4,571</u>	<u>100.0</u>	<u>4,626</u>	<u>100.0</u>

Bakery products

We have been engaged in the production of bakery products in Malaysia since 2002. Over the years, we have developed and introduced a wide range of bread, pastries and cakes including bread loafs, buns, sandwiches, cakes, danish pastries, croissant, tarts, cookies, etc. Our principal bakery products can be categorised into bread and pastries (which include cakes). We also offer beverages in our self-operated bakery retail outlets.

Bread

Since we began production of our bakery products in 2002, we have developed and introduced a wide variety of bread to meet the ever-changing tastes and preferences of our customers, especially during festive seasons such as Christmas and Chinese New Year. As at the Latest Practicable Date, we offered approximately 100 varieties of bread, including bread loafs, buns and sandwiches. Bread accounted for approximately 80.6%, 77.8% and 74.8% of revenue generated from our self-operated bakery retail outlets in Malaysia for the years ended 31 December 2015, 2016 and 2017, respectively.

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Pastries and cakes

Since we began production of our bakery products in 2002, we have developed and introduced a wide variety of pastries and cakes. As at the Latest Practicable Date, we offered around 90 varieties of pastries and cakes including, among others, danish pastries, croissant, tarts, cakes, muffin and cookies. Pastries and cakes accounted for approximately 18.1%, 21.1% and 23.7% of revenue generated from our self-operated bakery retail outlets in Malaysia for the years ended 31 December 2015, 2016 and 2017, respectively.

Beverages

Complementing the sale of our bakery products, we also offer beverages in our self-operated bakery retail outlets. As at the Latest Practicable Date, the beverages we provide included, but not limited to, bottled-water and soft drinks. Beverages amounted for approximately 1.3%, 1.1% and 1.5% of revenue generated from our self-operated bakery retail outlets in Malaysia for the years ended 31 December 2015, 2016 and 2017, respectively.

The following images show the shop design of our “Bread Story” bakery retail outlets.



Bread Story (MT)



Bread Story (SWPY)

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The following images show some of the signature products sold by our artisanal bakery chain in Malaysia.



“Flossy hottie and flossy signature”



“Peanut butter crush”



“Custard lava croissant”



“Red velvet”

Halal certificates

In an effort to cater to a wider customer group and reach a new benchmark for quality, hygiene and safety, we applied and were issued with the halal certification issued by the Department of Islamic Development Malaysia since December 2013. In order to ensure our ongoing compliance with the halal certification requirement, we have developed an internal halal committee, comprising of 11 members including Mr. Viscuso, acting as a vice chairman to the committee, and a set of halal committee guidelines and standard operating procedure. The halal certification is valid for two years and it can be revoked at any time if we are found to contravene with the procedures prescribed. The renewal of the halal certification is made 6 months prior to its expiry date. Since December 2013, we have managed to continuously retain and renew our halal certification up to the Latest Practicable Date.

According to the Euromonitor Report, the halal certification in Malaysia is increasingly being seen as the standard across the board for food quality. The Malaysia government and many operators in the food and beverage industry are marketing the halal standards as a new benchmark for quality, hygiene and safety. Food products and ingredients that have halal certificates are perceived to have

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added marketing value in Malaysia. As there is a large population of Muslims in Malaysia, demand for halal certified food is strong. Halal certification is not a compulsory requirement for the sale of bakery products, however if bakery retail outlets possess it they are able to cater their products to a wider customer base, which includes the sizable Muslim population in Malaysia.

OPERATIONS AND MANAGEMENT

Reporting Structure of our Group

Our Group's overall business strategies and operations are formulated by our Board. The daily operations of our Group are overseen and supervised by various heads of departments and assisted by other staff in the department.

Management of our dining operations in Singapore

Each of our “Central Hong Kong Café” and “Black Society” restaurant in Singapore is headed by a branch manager and kitchen chef, who reports directly to Mr. Chiu. Our franchised “Greyhound Café” restaurant is headed by a branch manager, who reports directly to Mr. Sean Low, and a kitchen chef, who reports directly to Mr. Chiu. Both Mr. Sean Low and Mr. Chiu in turn report to Ms. Low.

Management of our artisanal bakery chain in Malaysia

Our Malaysia artisanal bakery chain's production operation is headed and led by Mr. Viscuso. Mr. Viscuso is responsible for production planning, product design and development, and ensuring the bakery products' quality, hygiene and consistency. Mr. Viscuso is also responsible for sourcing the food ingredients used in the production of the bakery products.

Each of our “Bread Story” self-operated bakery retail outlet is headed by our outlet manager who reports to our area operations manager, who in turns report to our general manager. The overall business operations of our artisanal bakery chain in Malaysia is overseen by Ms. Low.

Pricing policy

As we operate a multi-brand business model, we do not fix a unified price range for our dining operations in Singapore under different brands. Dishes of restaurants under different brands are offered at varying prices, depending on the brand and concept of the brand. We have a standardised food menu and controlled price lists for all our restaurants operating under the “Central Hong Kong Café” brand, as well as stringent control of recipes and food preparation procedures to ensure consistency in the food quality. Similarly, for our artisanal bakery chain in Malaysia, we have a standardised bakery product master list and controlled price lists for all of our self-operated and franchised bakery retail outlets.

Our pricing strategies for our restaurants in Singapore and artisanal bakery chain in Malaysia are headed by Mr. Chiu and Mr. Viscuso, respectively. Together with the purchasing managers, the pricing matrices are determined by taking into consideration factors such as costs of packaging, staff, utilities and rental, as well as prices charged by our competitors for similar dishes and products. We review and adjust our pricing periodically based on these factors and other general market conditions.

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Our management generally reviews our menu items every four to six months for our dining operations in Singapore and artisanal bakery chain in Malaysia. We offer seasonal menus in our “Black Society” restaurant during festive seasons such as the Chinese New Year, Christmas, Mid-autumn Festival and Mothers’ Day.

Seasonality

Our dining operations in Singapore and artisanal bakery chain in Malaysia are subject to seasonal fluctuations. During the Track Record Period, our Directors consider that, we generally recorded relatively higher monthly revenue during fourth quarter of each calendar year for our dining operations as a whole as well as our artisanal bakery chain. It is mainly due to frequent dining-out pattern of our customers during the end-of-year holiday season as well as higher demand for Christmas cakes and pastries. Our “Black Society” restaurant also experienced relatively higher monthly revenue in the first quarter of each calendar year due to customers’ preference towards Chinese cuisine during the Chinese New Year.

Customer settlement

Majority of our customers settle their bills by cash or credit cards. The following table illustrates the breakdown of the revenue by types of settlement during the Track Record Period:

	For the year ended 31 December					
	2015		2016		2017	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Cash	7,581	58.7	8,891	57.7	9,899	50.3
Credit card	4,697	36.4	5,805	37.7	8,398	42.6
NETS (<i>Note 1</i>)	503	3.9	492	3.2	427	2.2
Others (<i>Note 2</i>)	125	1.0	212	1.4	964	4.9
Total	<u>12,906</u>	<u>100</u>	<u>15,400</u>	<u>100</u>	<u>19,688</u>	<u>100</u>

Note:

1. NETS is a Singapore local cashless payment infrastructure offered by the Network for Electronic Transfers (Singapore) Pte. Ltd. for bills settlement.
2. Others means cash vouchers, cashless mobile payments, bank transfer and cheque payments from our Bread Story Franchisees and bank transfer from a food ordering site.

Cash management system

Our restaurants in Singapore and bakery retail outlets in Malaysia handle large amount of cash daily. We have implemented a check and balance system with a set of cash handling procedures at all of our restaurants and bakery retail outlets to ensure that our cash receipts are accounted for at the close of business each day, including the segregation of duties on handling of cash, daily

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reconciliation of sales records with the actual amount of cash-in-hand and frequent deposits of cash-in-hand into the bank by each outlet. Our Group has established a cash sales collection and handling policy for our dining operations in Singapore and artisanal bakery chain in Malaysia respectively, which set out procedures such as daily cash sales handling and bank-in process, and the maximum limit of cash-in-hand for each restaurant and bakery retail outlet. For our dining operations in Singapore, with the exception of Central (RWS) which has a maximum limit of cash-in-hand of S\$5,000, each of our restaurant in Singapore is required to maintain a maximum limit of cash-in-hand of S\$3,000. Subject to retaining cash of approximately S\$1,000, the balance of all cash collected from operation on each day is deposited into our designated bank account by next available bank opening day by the branch manager or supervisor of the relevant restaurant. For our Malaysia artisanal bakery chain operations, each bakery retail outlet has a maximum limit of cash-in-hand of RM3,000. Subject to retaining cash of approximately RM200, the responsible outlet manager will deposit the cash into automated teller machine at the close of business day or deposit into our designated bank accounts on the following day or next available bank opening day.

Our Group has implemented the POS system in all our restaurants and bakery retail outlets. The cashier on duty of each restaurant and bakery retail outlet performed the closing of the cash register by reconciling the cash collected to the POS system records at the end of each day, witnessed by the relevant restaurant's branch manager or supervisor and bakery retail outlet's manager respectively.

As part of our internal control measures, we require our employees to report any suspected incidents of fraud or theft to our executive Directors for further investigation. Our Directors consider that it is not appropriate to put in place sophisticated anti-money laundering procedures as the transaction amount of our dining operations and artisanal bakery chain is relatively small per transaction.

Credit cards

Our restaurants accept credit cards from most major credit card issuers for bills settlement. We do not receive cash remittance from credit card issuers immediately after charging the credit card, we normally receive remittance from the credit card issuers, net of service fees of approximately 1.5%, within two business day after the credit card transaction is approved. For the years ended 31 December 2015, 2016 and 2017, settlement by credit cards represented approximately 36.4%, 37.7% and 42.6% of our total revenue, respectively.

NETS

Our restaurants accept a Singapore local cashless payment infrastructure offered by the Network for Electronic Transfers (Singapore) Pte. Ltd. ("NETS"), for bills settlement. We normally receive remittance from NETS on the next business day after the transactions are approved. NETS charges a monthly service fee of approximately 1% of monthly total transactions. For the years ended 31 December 2015, 2016 and 2017, settlement by NETS represented approximately 3.9%, 3.2% and 2.2% of our total revenue, respectively.

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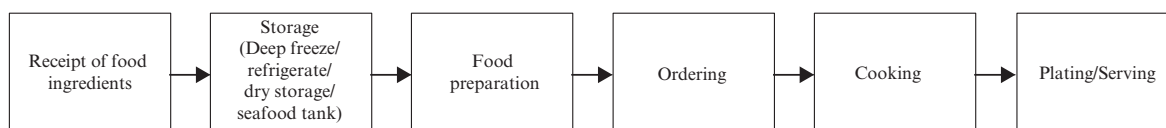
Cash vouchers

As part of our Group's marketing strategies to draw in customers to our restaurants and bakery retail outlets, we may collaborate with shopping malls that our restaurants and/or self-operated bakery retail outlets operate in. Shopping malls that our restaurants and/or self-operated bakery retail outlets operate in will from time to time issue cash vouchers to their respective shoppers for redemption at participating merchants. Where we did participate in such campaign, our customers may pay part or all of their purchases using these cash vouchers, which we will then redeem at full-value from the relevant shopping mall landlords.

FOOD ORDERING AND PREPARATION PROCESS FOR OUR DINING OPERATIONS IN SINGAPORE

We do not have any central kitchen for the preparation of our food ingredients and dishes in Singapore. Most of our dishes, with the exception of certain ready-to-sell drinks, in our Singapore restaurants are prepared upon order.

The diagram below illustrates the typical food preparation process at our restaurants in Singapore:



Placement of purchase orders to receipt of food ingredients

Mr. Chiu and the kitchen chef of each restaurant in Singapore are responsible for monitoring the storage level of food ingredients regularly and decide the type and quantities of food ingredients to be purchased. Mr. Chiu, after consultation with Ms. Low, then places orders to the approved suppliers directly. Upon delivery of the food ingredients, the kitchen chef or the designated person in charge at the respective restaurant will check the information on the delivery notes against the orders before confirming receipt of the food ingredients. Delivery notes and/or invoices are delivered to the accounts departments of our Group afterwards. The kitchen chef or the designated person in charge at the respective restaurants will also examine the quality and quantity of the food ingredients delivered. If ingredients delivered are not of acceptable quality, they will be returned to the relevant suppliers for re-placement immediately. If certain food ingredients are required on an urgent basis but cannot be obtained from the approved suppliers on their regular delivery schedule, it will be purchased from other established food ingredient suppliers. Details on the sourcing of our ingredients are set out in the paragraph headed "Suppliers and ingredients" in this section.

Storage

Food ingredients are generally delivered to our restaurants daily. After the proper quantity and quality checks have been done, our kitchen chefs at each of our restaurants are responsible for ensuring proper processing and storage of food ingredients. We store the food ingredients under appropriate temperature and storage conditions, such as deep freeze, refrigerate and dry storage, in accordance with our internal procedures.

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In particular, after the non-compliance matter where Bosses Co. received a letter from the NEA dated 9 June 2016, we have arranged for our personnel responsible for raw seafood preparation in Black Society (VC) to attend training at a food and hygiene course which is a workforce skills qualifications programme to refresh them on the implementation of strict standards in food safety. Details of the non-compliance matter are set out in the paragraph headed “Legal Proceedings and Compliance — Non-Compliance Matters” in this section.

Food preparation

All of our food ingredients and dishes are prepared at the respective restaurant. Preparation of our food ingredients and dishes is principally carried out by our kitchen crew and overseen by our kitchen chef. In order to ensure efficiency and maintain quality control during the food preparation process, different tasks in the food preparation process are allocated to different staff. Such division of labour will include washing, cutting, preparation and cooking.

Cooking

Various kitchen staff of different seniority such as cooks, chef de parties, kitchen chef and executive chef will carry out the cooking of dishes. Each of our senior staff will monitor the junior staff.

Plating

Once the food ingredients have been properly cooked (if required), it is plated and checked by the kitchen chef and branch manager for quality and presentation before being served to our customers.

Development of new dishes

Our Group’s policy on the development of new dishes is to change menus in order to provide novelty and respond to, among other things, customer demand and prevailing trends. The menus at our restaurants, with the exception of the franchised “Greyhound Café” brand, require seasonal and/or periodic changes and all new menus such as dishes, prices, formats are subject to the approval of Ms. Low. The communication of such changes is usually conveyed during our internal operations meeting or meetings called for such purposes.

PRODUCT AND OPERATIONAL PROCESS FOR OUR ARTISANAL BAKERY CHAIN IN MALAYSIA

Central Bakery

Production Facilities

Our Central Bakery is equipped with modern production lines to produce bakery products for distribution to and sale through our bakery retail outlets, and assure quality control and higher cost efficiency. We have not experienced any material production equipment or machinery failure or malfunction at our Central Bakery during the Track Record Period and up to the Latest Practicable Date.

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The table below shows the annual product capacity and the utilisation rate of our Central Bakery for the periods indicated:

Name of production premise	Product	For the years ended 31 December								
		2015			2016			2017		
		Estimated capacity	Actual production	Utilisation rate	Estimated capacity	Actual production	Utilisation rate	Estimated capacity	Actual production	Utilisation rate
		'000	'000		'000	'000		'000	'000	
		(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	(approximate)	(approximate)
		(Note 1)			(Note 1)			(Note 1)		
Central Bakery	Bread	3,844	1,345	35.0%	3,844	1,548	40.3%	3,844	1,973	51.3%
	Pastry	2,248	894	39.8%	2,248	1,140	50.7%	2,248	1,035	46.0%
	and cake									

Note:

- (1) For illustrative purpose only, the estimated capacity of our production capacity is measured in terms of the estimate quantity of bakery products produced per hour multiplied by estimate working hours (i.e. 8 hours for pastry and cake and loaf or 12 hours for bread per day for Central Bakery) in the optimal conditions and 364 days per year. Thus, the above computation only illustrates the estimated capacity of our production facilities operating in the optimal condition.

We calculate our utilisation rate by dividing the actual production of a year by the estimated capacity for that year. Our utilisation rate may be affected by changes in market demand, improvement of production process, procurement of new facilities and internal reallocation of productions. Our Central Bakery's utilisation rate for (i) bread increased from approximately 35.0% for the year ended 31 December 2015 to 40.3% for the year ended 31 December 2016, and further increased to 51.3% for the year ended 31 December 2017; (ii) pastry and cake increased from 39.8% for year ended 31 December 2015 to 50.7% for the year ended 31 December 2016, and subsequently decreased to 46.0% for the year ended 31 December 2017. The improvement in actual production quantity was in line with the increase in revenue generated from our artisanal bakery chain in Malaysia for the respective period.

Our Central Bakery produced and supplied (i) breads to our self-operated bakery retail outlets without on-site kitchen; (ii) pastries and cakes to all of our self-operated bakery retail outlets; and (iii) bakery ingredients to our self-operated bakery retail outlets with on-site kitchen and franchised bakery retail outlets except Bread Story (SC). Bread Story (SC) is the only franchised bakery retail outlet without on-site kitchen, hence our Central Bakery supplied bakery products to Bread Story (SC) directly. As at the Latest Practicable Date, we have seven self-operated bakery retail outlets with on-site kitchen, namely Bread Story (1U), Bread Story (GM), Bread Story (LM), Bread Story (SP), Bread Story (SV), Bread Story (SWPY) and Bread Story (EC), which produced breads at their respective outlet. The abovementioned on-site kitchens have a relatively small scale as compared to our Central Bakery in terms of the size of premises. Hence, for illustrative purpose, we only

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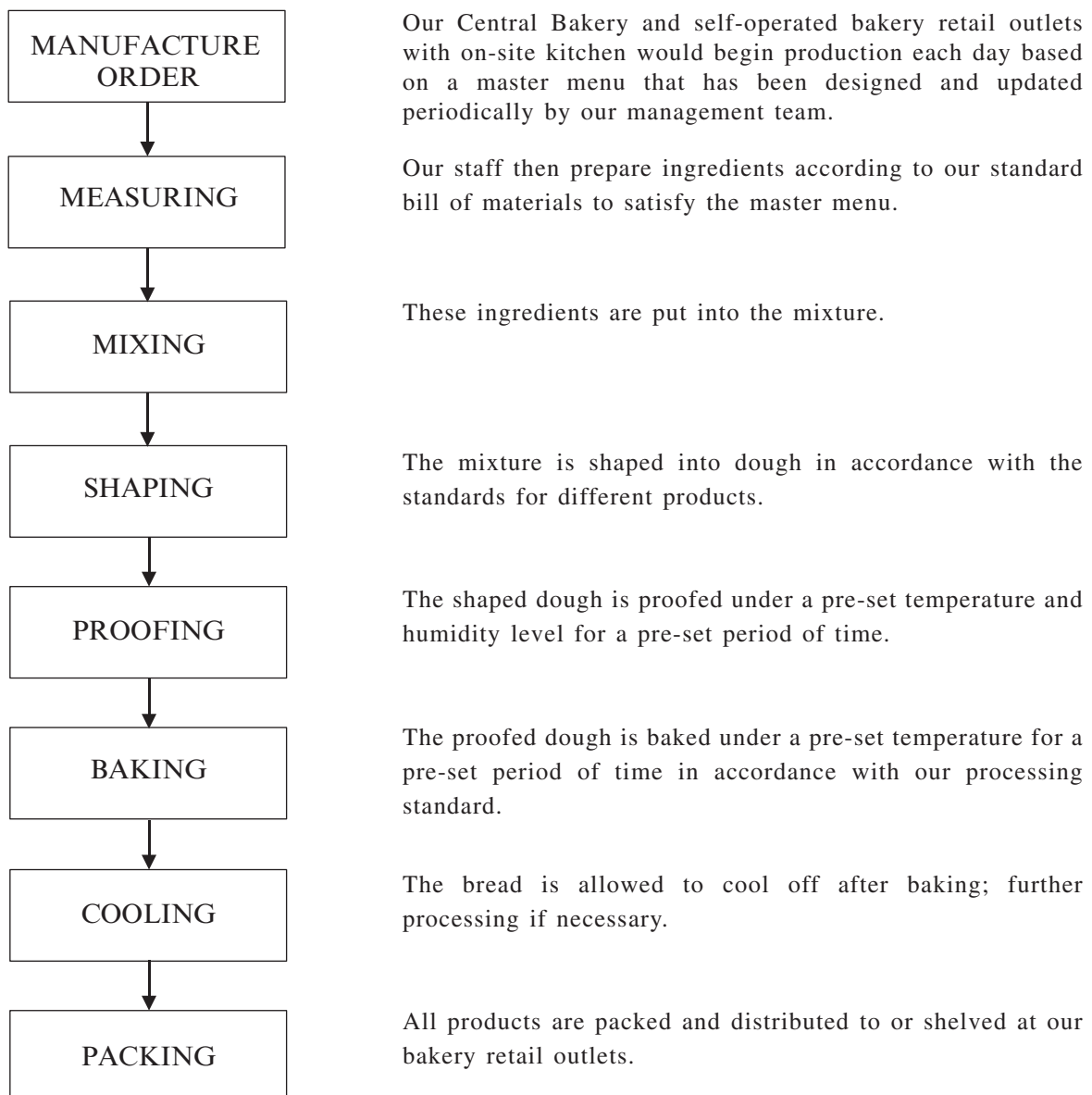
demonstrate the production capacity and the utilisation rate of our Central Bakery. According to our Malaysia Legal Advisers, our Central Bakery has obtained all the relevant and required permits, approvals, licences and qualifications for operation during the Track Record Period and up to the Latest Practicable Date.

Production Process

The chart below illustrates the production process of our bakery products.

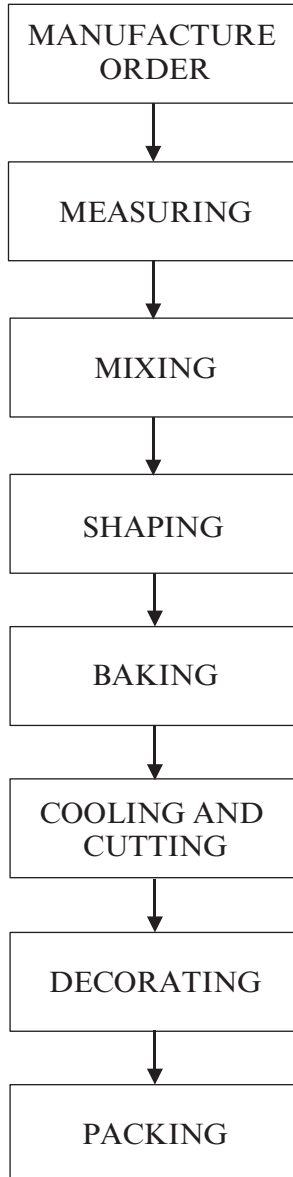
Bread

The typical production process of our bread products is as follows:



Cake

The typical production process of our cake products is as follows:



Our Central Bakery would begin production each day based on a master menu that has been designed and updated periodically by our management team.

Our staffs then prepare ingredients according to our standard bill of materials to satisfy the master menu.

These ingredients are put into the mixture.

The mixture is shaped in accordance with the standards for distinctive products.

The shaped batter is baked under a pre-set temperature for a pre-set period of time in accordance with our processing standard.

The cake bases are allowed to cool off after baking and the cake bases are cut in various horizontal directions for distinctive products.

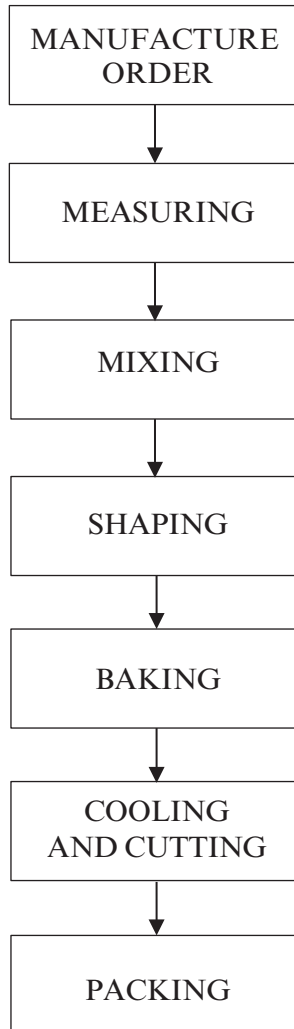
The cake bases are decorated for distinctive products.

All products are packed and distributed to or shelved at our bakery retail outlets.

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Pastry

The typical production process of our pastries products is as follows:



Our Central Bakery would begin production each day based on a master menu that has been designed and updated periodically by our management team.

Our staff then prepare ingredients according to our standard bill of materials to satisfy the master menu.

Our production line makes materials requisition from our measure room when they are ready and puts them into the mixture.

The shaping procedure will be done manually.

The shaped, semi-finished products will be baked under a pre-set temperature and for a pre-set period of time in accordance with our processing standard.

The products are allowed to cool off.

All products are packed and distributed to or shelved at our bakery retail outlets.

Logistics and Distribution

We maintain our own transportation logistics team in Malaysia to ensure timely delivery of bakery products produced in our Central Bakery to our bakery retail outlets located in Kuala Lumpur and Selangor. As at the Latest Practicable Date, we have five trucks, each equipped with refrigeration system to ensure the quality of the bakery products, for the purpose of transporting bakery products from our Central Bakery to their designated bakery retail outlets.

During the Track Record Period we did not experience any material disruption regarding our deliveries.

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CUSTOMERS

Due to the nature of our business, our Group's customers were mainly retail customers from general masses for our restaurant operations in Singapore and artisanal bakery chain in Malaysia. As such, our Directors consider that it is not practicable to identify the five largest customers of our Group for the Track Record Period and we did not rely on any single customer during the Track Record Period. In line with the industry practice, we had not entered 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.

Below sets out our target customers of our dining operations in Singapore by brand and artisanal bakery chain in Malaysia as at the Latest Practicable Date:

Name of brand	Target customers
"Central Hong Kong Café"	casual diners and shoppers in the vicinity of the location
"Black Society"	group diners such as families or gather of people looking to enjoy Cantonese dim sums and Chinese banquet dishes
"Greyhound Café"	casual diners and shoppers in the vicinity of the location
"Bread Story"	retail customers in the vicinity of the location

During the Track Record Period, Yu Cuisine, a company owned by Ms. Low which was voluntarily struck off on 6 November 2017, accounted for approximately 0.1%, 0.1% and nil of our total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group sold certain food ingredients to Yu Cuisine during the Track Record Period. Our Directors confirmed that our sales to Yu Cuisine during the Track Record Period were negotiated on arm's length basis and under normal commercial terms. For details, please refer to the section headed "Financial Information — Related party transactions" in this prospectus.

Marketing

All our marketing activities are formulated within our Group. We have dedicated marketing teams for our dining operations in Singapore and artisanal bakery chain in Malaysia. In addition to implementing our Group's marketing strategies, our marketing teams are responsible for managing our Group's websites. Any negative reviews posted by food critics and/or our customers on our Group's websites are brought to the attention of our Directors and senior management and discussed internally to decide what actions may be taken in order to improve our food and/or services.

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We generally marketed and promoted our brands and food products in different forms, including promotional activities and our Group's websites. In terms of promotional activities, we participated in marketing initiatives that are carried out by the operators of shopping malls where our restaurants and bakery retail outlets are located. These include billboards advertisements, leaflets distributions, loyalty card programs for our "Central Hong Kong Café" and "Black Society" restaurants, and cash vouchers distributed by shopping malls which can be used at our restaurants or bakery retail outlets. We also have websites for each of our "Central Hong Kong Café", "Black Society", franchised "Greyhound Café" and "Bread Story" operations to provide our target customers with information regarding ourselves, our menu, promotions and locations.

The marketing activities of our Group are reviewed from time to time by our management team to ensure their effectiveness. For the years ended 31 December 2015, 2016 and 2017, our Group's marketing and advertising expenses amounted to approximately S\$68,000, S\$66,000 and S\$74,000, respectively.

SUPPLIERS AND INGREDIENTS

During the Track Record Period, our suppliers mainly included food ingredient suppliers and beverage suppliers. We have also engaged, repair and maintenance service providers, cleaning companies and pest control companies on a regular basis. In line with the industry practice, during the Track Record Period and up to the Latest Practicable Date, we had not entered into any long-term contract with our approved suppliers.

As at the Latest Practicable Date, we maintained a list of more than 50 suppliers for each of our dining operations in Singapore and artisanal bakery chain in Malaysia, and our business relationship with the five largest suppliers ranged from approximately four to nine years. Our suppliers are carefully selected based on a set of selection criteria, which include (i) type, variety and quality of food ingredients, goods or services offered by the supplier; (ii) pricing of the food ingredients, goods or services; (iii) supply terms and conditions, such as payment terms, delivery schedule and discount; (iv) past performance; (v) our relationship with the suppliers; and (vi) for our "Bread Story" brand, whether the ingredients provided are halal certified by the appropriate authorities.

For the years ended 31 December 2015, 2016 and 2017, the total purchases from our five largest suppliers in aggregate amounted to approximately 35.7%, 34.0% and 32.7%, respectively, and the purchases from our largest supplier amounted to approximately 12.2%, 11.6% and 10.0%, respectively, of our total purchases.

During the Track Record Period, we did not experience any interruption of supply, or failure to secure sufficient quantities of irreplaceable food ingredients that had any material adverse impact on our business or results of operations.

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The following table illustrates the profile of our top five suppliers based on our total purchases attributable to them during the Track Record Period:

For the year ended 31 December 2015:

Ranking	Supplier	Principle business activities/ descriptions	Major ingredients supplied	Approximate number of years of relationship	Typical credit terms and payment method	Total purchases S\$'000	Approximate % of our total purchases
1	Supplier A	General merchandise and sundry goods	Canned products, dried goods and groceries	8	30 days, Cheque	419	12.2%
2	Supplier B	Trading of seafood and meat products	Seafood and meat products	9	30 days, Cheque	313	9.1%
3	Supplier C	Trading of fruits and vegetables	Fruits and vegetables	4	14 days, Cheque	202	5.9%
4	Supplier D	Wholesale of foodstuff	Dried foodstuff and seasoning	5	Cash on delivery	155	4.5%
5	Supplier E	Processing and preserving of meat and meat products, wholesale of livestock, meat, poultry, eggs and seafood	Chicken meat	9	30 days, Cheque	137	4.0%
Total						1,226	35.7%

For the year ended 31 December 2016:

Ranking	Supplier	Principle business activities/ descriptions	Major ingredients supplied	Approximate number of years of relationship	Typical credit terms and payment method	Total purchases S\$'000	Approximate % of our total purchases
1	Supplier A	General merchandise and sundry goods	Canned products, dried goods and groceries	8	30 days, Cheque	467	11.6%
2	Supplier B	Trading of seafood and meat products	Seafood and meat products	9	30 days, Cheque	309	7.7%
3	Supplier C	Trading of fruits and vegetables	Fruits and vegetables	4	14 days, Cheque	236	5.9%
4	Supplier E	Processing and preserving of meat and meat products, wholesale of livestock, meat, poultry, eggs and seafood	Chicken meat	9	30 days, Cheque	195	4.8%
5	Supplier F	Trading of canned food and bakery ingredients	Canned food and bakery ingredients	4	30 days, Cheque	160	4.0%
Total						1,367	34.0%

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For the year ended 31 December 2017:

Ranking	Supplier	Principle business activities/ descriptions	Major ingredients supplied	Approximate number of years of relationship	Typical credit terms and payment method	Total purchases S\$'000	Approximate % of our total purchases
1	Supplier A	General merchandise and sundry goods	Canned products, dried goods and groceries	8	30 days, Cheque	482	10.0%
2	Supplier B	Trading of seafood and meat products	Seafood and meat products	9	30 days, Cheque	435	9.1%
3	Supplier E	Processing and preserving of meat and meat products, wholesale of livestock, meat, poultry, eggs and seafood	Chicken meat	9	30 days, Cheque	256	5.3%
4	Supplier C	Trading of fruits and vegetables	Fruits and vegetables	4	14 days, Cheque	248	5.2%
5	Supplier G	Wholesale of livestock, meat, poultry, eggs and seafood	Meat products	7	30 days, Cheque	151	3.1%
Total						1,572	32.7%

None of our Directors, their respective close associates or any Shareholder (who or which, to the knowledge of our Directors owns more than 5% of the issued share capital of our Company) had any interest in any of our top five suppliers during the Track Record Period.

During the Track Record Period, Yu Cuisine, a company owned by Ms. Low which was voluntarily struck off on 6 November 2017, was one of our suppliers of certain food ingredients which accounted for approximately 2.3%, 3.1% and nil of our total purchase for the years ended 31 December 2015, 2016 and 2017, respectively. Our Directors confirmed that our purchases from Yu Cuisine during the Track Record Period were negotiated on arm's length basis and under normal commercial terms. For details, please refer to the section headed "Financial Information — Related party transactions" in this prospectus.

To the best knowledge of our Directors, we had not encountered any incident that any of our Directors or employees was involved in any bribery or kickback arrangements with our suppliers during the Track Record Period. To prevent any kickback arrangement with our suppliers, we have implemented certain policies, such as sourcing from our approved suppliers, settlement of purchases by our head office and setting out our procedures and control on prevention of bribery and corruption in our employee handbook.

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Our food ingredients

During the Track Record Period, our main food ingredients are generally sourced from local suppliers in Singapore and Malaysia except for certain food ingredients that are purchased from Greyhound Co. as required under the Greyhound Franchise Agreement. For the market price trends and our sensitivity analysis of the cost of inventories consumed during the Track Record Period, please refer to the sections headed “Industry overview”, and “Financial information — Factors affecting our financial results — Cost of inventories sold and consumed” in this prospectus, respectively.

To the best knowledge of our Directors, the prices of our ingredients were determined with reference to quality, market price, order quantity, seasonal factors and available sources of supply. The terms and conditions set out in our purchase orders placed with our different types of 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. Our Directors expect the purchase prices of the food ingredients will continue to follow market prices under normal operations and market conditions.

Purchase cost control

Cost of inventories accounted for approximately 26.9%, 25.2% and 23.3% of our revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group will monitor the cost of food ingredients through comparing the price quotations from suppliers of the same food categories. However, we may not be able to implement timely responses to changes in raw material costs and implement price adjustments on our menu items in the future to pass on the increases in raw material costs to our customers. Please refer to the section headed “Risk Factors — Risks relating to the business” in this prospectus for the relevant risk.

Inventory management

Dining operations in Singapore

Mr. Chiu, our branch manager, and the kitchen staff of each restaurant are responsible for inventory management at each of our restaurant. Mr. Chiu will conduct inspection on the food ingredients provided by the suppliers regularly to ensure that they are fresh and meet quality standards. Food ingredients are generally delivered to our restaurants daily. The responsible kitchen staff will upon receiving the food ingredients check them for quality and ensure the right quantity has been delivered. If there is any problem with the quality of the food ingredients they will be returned and replaced by the relevant suppliers. If there is shortage in quantity, the relevant suppliers will be asked to top up the food ingredients.

Stock counts are performed at each restaurant on a monthly basis by our kitchen crew under the supervision of branch manager. Our finance and accounting team will then perform cross checks before the restaurant opens on the following day. If there is any major variance identified in the sample check, our finance and accounting team will resolve with responsible kitchen staff to understand the reasons for such variances and take necessary remedial actions.

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Our Directors believe that our fresh meat, fresh vegetable and fresh seafood have shelf life of approximately three to 15 days, dried food has a shelf life of approximately six months and frozen food has a shelf life of approximately two weeks.

Artisanal bakery chain in Malaysia

We maintain an inventory control policy to regulate the inventory of our Central Bakery and bakery products at each of our bakery retail outlets. Stock counts are performed at each of our self-operated bakery retail outlet and Central Bakery on a monthly basis by our office staff. The principal bakery ingredients used in our artisanal bakery chain are flour, eggs, cheese and sugar. Our Directors believe that our flour has shelf life of approximately one year; eggs have shelf life of approximately seven days; and cheese has shelf life of approximately one year. At each of our self-operated bakery retail outlet, the outlet staff check the shelf life of all bakery products on a daily basis. If any bakery product is found to have expired, it is required to be removed from the shelf and be discarded. Our Directors believe that our breads, pastries and cakes have a shelf life of approximately one to four days.

QUALITY CONTROL

Quality control for our dining operations in Singapore

We believe that our food and services quality is critical for the success of our dining operations in Singapore. Quality food served at our Singapore restaurants and quality services provided by our staff members are one of our strengths to maintain competitiveness. We have implemented a strict quality control procedures at all our restaurants which our staff members will strictly follow. Ms. Low, together with a team of two management members who have approximately six to 41 years of experience in the food and beverage industry, are responsible for the overall implementation of our Group's food safety measures. Further, at each restaurant, the relevant branch manager and kitchen chef are responsible on a daily basis to ensure hygiene and food quality.

Food safety and quality

To ensure our food quality, all ingredients purchased for the preparation of food dishes are only purchased from our approved suppliers as instructed by Mr. Chiu. We have maintained a list of approved food ingredients and beverage suppliers for each of our "Black Society", "Central Hong Kong Café" and "Greyhound Café" brand, comprising more than 50 suppliers for our dining operations in Singapore in total as at the Latest Practicable Date. We maintain regular contacts with our major suppliers and all ingredients delivered to us are inspected by our kitchen chef or branch manager of each restaurant and store supervisor or store assistant of Central Bakery at the time of delivery to ensure they meet our quality standards. Each of our kitchen chefs and branch managers of the restaurants has at least five years of experience, and the store supervisor of the Central Bakery have at least three years of experience in the food and beverage industry. For our dining operations in Singapore, our kitchen chefs and branch managers are required to undergo the "Basic Food Hygiene Course" in accordance with the legal regulations of the NEA. For our artisanal bakery chain in Malaysia, all food handlers are required to attend the "Food Handling Course" as required by the Ministry of Health of Malaysia. Upon delivery of the ingredients, the kitchen chef or branch manager

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of each restaurant and store supervisor or store assistant of the Central Bakery will check the information on the delivery notes against the orders before confirming receipt of the ingredients. Sample checks are also performed on the ingredients, including visual check on freshness and check if there is damage, mould or other significant defects. The ingredients with expiry date are inspected to ensure that they have a reasonable shelf life. Those that do not meet our quality requirements are returned to the relevant supplier immediately. The ingredients are then stored in deep freezer, refrigerators or dry storage depending on the nature of the ingredients. If a supplier fails to meet our quality standards persistently, we will consider replacing such supplier. During the Track Record Period, we did not replace any of our approved suppliers due to problems with the quality of their supplies. Since a considerable amount of the food ingredients are perishable food items such as fresh meat, seafood and vegetables, our kitchen chefs and branch managers of our restaurants that are responsible for purchasing such perishable good items will ensure that we only purchase sufficient amounts to avoid overstocking and wastage and as such will allow us to regularly use fresh ingredients in preparation of our food dishes. We did not engage any external party or testing agency to carry out inspections independently on our suppliers during the Track Record Period and up to the Latest Practicable Date. Mr. Chiu carries out yearly evaluation on our suppliers to assess the quality and price of the ingredients supplied as well as the quality of service of the suppliers.

As at the Latest Practicable Date, with the exception of Central (SV) and Central (JP) which were graded B (the second highest attainable grade), all our restaurants in Singapore have been graded A (the highest attainable grade) by the NEA for their high food hygiene and housekeeping standards. All our raw food ingredients and semi-processed food ingredients are required to be stored in covered shelves or refrigerators (i.e. depending on the nature of the food ingredients) with thermometers for monitoring the storage temperature. Kitchen staff will perform regular checks on the storage temperature to ensure that the food ingredients are stored under the desired temperature. The kitchen chef of each restaurant will provide on-the-job food processing and hygiene training to other kitchen staff on an on-going basis. Kitchen staff will perform cleaning work on the kitchen and complete the cleaning checklist regularly. Some cleaning work, such as dish washing, pest control and area cleaning, are outsourced to third party professional cleaning service providers.

Preparation

The preparation of all food ingredients and dishes at our restaurants is principally carried out by our junior kitchen staff and overseen by a senior kitchen staff. The food dishes after leaving the preparation area will be checked by our executive chef or kitchen chef in the kitchen then presented to our branch manager for a further check before being passed to our servers to serve to our customers. Any items that do not meet the standards set will be returned for correction.

Our restaurants' floor staffs are responsible for taking food orders from our customers before they are handed to the kitchen for processing. In 2016, we implemented a digital ordering service system for all our "Central Hong Kong Café" restaurants to enhance our customers' experience, streamline our operations and increase our productivity.

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Each table in our “Central Hong Kong Café” restaurants is equipped with an electronic tablet where our menu is presented digitally to our customers. Customers can make their food selection and place an order directly on the electronic tablet. The orders will be registered by our integrated POS system where our kitchen staff will then process the information and begin preparation of the appropriate dishes.

Customer services

An integral part of our dining operation in Singapore is the ability to properly manage customer service. If we are not able to manage our customers’ expectations, this may have an adverse effect on drawing in customers to our restaurants and the reputation of our Group. To ensure that customer service is properly handled and provided, we have taken the following steps:

- (i) staff training: all new employees, and in particular service staff, undergo a training to ensure that they are friendly and polite when dealing with customers. On-the-job training is also provided by our restaurants’ branch managers and more senior employees to junior employees and part-time employees to ensure that quality of our service is maintained;
- (ii) complaint protocol: any customers’ complaints received at the restaurants regarding our food or services are promptly dealt with by the restaurant staff on duty. He/she will try to fully understand the situation and appropriately, with the assistance of our restaurants’ branch manager, resolve the complaint. If complaint arises due to our fault, such as delays in serving food or unsatisfactory food quality, we will take steps to rectify such faults and, on a case-by-case basis may offer complimentary food items to our aggrieved customers. For complaints that are of a material nature and which cannot be rectified immediately, our branch manager will elevate such cases to Ms. Low; and
- (iii) guest feedback: to ensure that our customers have access to our management, we collect customer feedback on quality of dishes and service level and convey customer opinions to our restaurants’ branch managers, who will record our customer feedback for further improvement. The records will be provided to our office for record. Alternatively, we also provide our Group’s email contacts on our websites, for customers to lodge feedback on their experience at our restaurants. Any emails received of such natures are appropriately handled by our marketing team.

During the Track Record Period and up to the Latest Practicable Date, our Group did not receive any material complaints filed by our customers to the Consumers Association of Singapore. We were not aware of any incident of customer complaint claiming material compensation that could have material adverse impact on our business, results of operations and financial position during the Track Record Period and up to the Latest Practicable Date.

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Dining Environment

To ensure that all our restaurants' dining environment are in acceptable conditions, prior to the restaurants' daily opening, our branch managers are required to go through their respective pre-opening routine which covers various aspects, including, making sure that the kitchen and dining areas are clean and hygienic, getting the POS system ready, preparing and replenishing sauces and beverages, checking that the tables are set and ensuring that the cutleries are tidy and clean. On daily closing, our branch managers will also go through their respective closing routine. Our Group has also engaged independent professional service providers to provide regular pest control services and cleaning services at all of our restaurants.

Quality control for our artisanal bakery chain in Malaysia

Similar to our dining operations in Singapore, our artisanal bakery chain in Malaysia operates under a standardised quality control procedures to ensure high quality and safety of our bakery products through training and supervision of our staff and through the establishment of standards relating to, raw material sourcing, ingredients preparation, maintenance of facilities and conduct of our staff.

Raw material sourcing

To ensure our food quality, most of our food ingredients purchased for the preparation of our bakery products are purchased from our approved suppliers as instructed by Mr. Viscuso, for our Central Bakery, or the respective managers of each bakery retail outlets. We may also purchase from other suppliers if our approved suppliers are not able to provide certain food ingredients on their regular delivery schedule, as approved by Mr. Viscuso. We have maintained a list of approved food ingredients and beverage suppliers for our artisanal bakery chain in Malaysia, comprising more than 50 suppliers as at the Latest Practicable Date. We maintain regular contact with our major suppliers and all food ingredients delivered to us are inspected by our staff at the time of delivery to ensure they meet our quality standards. Those that do not meet our quality requirements are returned to the relevant supplier immediately. If a supplier fails to meet our quality standards persistently, we will consider replacing such supplier. During the Track Record Period, we did not replace any of our approved suppliers due to problems with the quality of their supplies.

Baking process

All of our bakery products undergo inspection at each stage of the production process, promptly after production and immediately before distribution for sale. Products in storage or in the course of distribution are also subject to regular quality checks and each of our transportation trucks is equipped with refrigeration systems to ensure the freshness of our bakery products in transit. Each of our bakery products produced at the Central Bakery, or our self-operated bakery retail outlets equipped with on-site kitchen, is checked before they are packed for delivery or shelved. We have also adopted strict hygiene standards at our Central Bakery and all our self-operated bakery retail outlets. For all of our franchised bakery retail outlets, they are required to abide by certain safety and hygiene standards as laid out in their respective franchise agreements. We would periodically visit our franchised bakery retail outlets to ensure that these standards are kept.

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Bakery retail outlets

We conduct random tasting and visual inspections at our bakery retail outlets to ensure that the quality of our product is maintained. Before being displayed on the shelves of our bakery retail outlets, all of our products would be checked by our staff at the Central Bakery or bakery retail outlets. At the close of business each day, our staff at each bakery retail outlet will check the products on the display shelves to identify any expired products in accordance with their respective shelf life. If any product is found to have expired, it is required to be removed from the shelf and discarded.

During the Track Record Period and as at the Latest Practicable Date, we did not experience any material dispute related to product quality or other quality control related issues nor did we experience any customer complaints that had a material adverse effect on our business or results of operations.

EXPANSION PLANS AND SITE SELECTION DEVELOPMENT

We consider our ability to identify suitable locations for our dining operations in Singapore and artisanal bakery chain in Malaysia to be a critical factor in determining our long-term success. As at the Latest Practicable Date, we had expanded (i) our dining operations in Singapore to eight outlets under two self-operated brands and one franchised brand; and (ii) our Malaysia artisanal bakery chain to 20 bakery retail outlets (of which 16 are self-operated bakery retail outlets and four are franchised bakery retail outlets). As part of our Group's strategy to continually expand and diversify its network of restaurants and bakery retail outlets, and to replace locations where the leases expired and could not be renewed, our Directors and senior management will take into consideration, among others, the following factors before deciding on setting up a restaurant or a bakery retail outlet on a new location:

- accessibility: we will consider the accessibility for human traffic and vehicles and proximity to public transport systems;
- visibility: we will consider a location's ability to bring visibility to our brand;
- demographics: we will consider the demographics of the residents in the proposed and neighbouring restaurants or bakery retail outlets location such as, among others, age groups, income levels and education level;
- competition: we will consider the existing and potential restaurants or bakery retail outlets (including cannibalism from our own restaurants or bakery retail outlets) within the neighbouring geographical area that may compete with us in terms of, among others, the number, type and size;
- rental costs: we will consider our ability to operate profitability based on the rental costs; and
- breakeven and payback periods: we will consider the time it may take for a new restaurant or bakery retail outlet to achieve breakeven and payback periods.

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In deciding on whether a location is suitable for a new restaurant or bakery retail outlet, we will also prepare a feasibility report internally which will cover matters such as budgeting, staff costs and pricing structure.

New restaurant and bakery retail outlet development procedures

If a location is determined as suitable for a new restaurant or a new bakery retail outlet for our existing brands, the development process of a new restaurant or a new bakery retail outlet typically consists of the following steps:

1. **site selection:** there are two different methods in which we source for an appropriate site for a proposed restaurant or bakery retail outlet: (i) we may be approached by a property owner and/or property agents with potential sites that they have available for rent; or (ii) by ourselves where we look for sites within a certain location, demographics or rent parameters;
2. **fact finding and feasibility studies:** with a location in mind, we will conduct a research on, among other factors, demographics, rental costs and consider whether the proposed location is suitable for the relevant brand of restaurant or bakery retail outlet. We will also prepare a feasibility study which will set out information such as financial projections and the number staff required. The result of this research and the feasibility study will be presented to our management team for consideration and approval;
3. **decide restaurant/bakery retail outlet concept and design:** once the management team has approved a location, we will commence discussions with designers and architects to prepare initial design proposals to target the demographics of our proposed restaurant or bakery retail outlet. Depending on the type of restaurant or bakery retail outlet to be developed, the design may take between two to four months to finalise. The design concept is presented to our management team for consideration and approval;
4. **lease negotiation and execution:** if a site and concept is approved by our management team, we will commence negotiations with the landlord taking into consideration, among other things, factors such as rental costs (base rent and turnover rent), comparable rents of similar size locations within the vicinity, potential increases in rents at expiry of a lease, and any licensing requirements. If any major factor cannot be agreed to our satisfaction, we will cease further negotiations;
5. **finalise restaurant or bakery retail outlet concept and design:** once a lease has been signed, we will continue discussions with designers and architects to finalise design, layout plans and commence the tender process decide on the appropriate consultants and contractors to be used. Deciding on the appropriate consultants and contractors will be primarily determined by a critical path based on the lead time towards site handover;

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6. **apply for necessary licences:** we will then work internally to apply for the necessary licences for the operation of the restaurant and bakery retail outlet (among others, business licence, food shop licence, liquor licence and music licence as the case may require). For details on the licensing requirements, please refer to the section headed “Regulatory Overview” in this prospectus;
7. **source for necessary staff:** based on internally formulated staffing guide, we will commence planning the amount of people that will be required, their respective positions, job titles, job specifications and the salary structure. With this in mind, we first look at the possibility of internal transfers and promotions. Once this has been determined we prepare a recruitment plan based on the timeline until site handover from main contractor;
8. **opening:** once the above steps have been satisfied we will proceed to the opening of the restaurant or bakery retail outlet.

The new restaurant and bakery retail outlet development procedures above does not apply to new “Greyhound Café” restaurants which will be required to follow the development procedures as laid out under the Greyhound Franchise Agreement.

The typical lead time from the delivery of the premises to the actual opening of a restaurant will be approximately two to three months.

To manage the supply needs of our new restaurant and/or new bakery retail outlets, our Group will source its food ingredients from our list of approved food ingredient and beverage suppliers. Our Directors believe that our existing list of suppliers will be able to satisfy our ingredient requirements for our new restaurants and bakery retail outlets.

To manage our staff requirements for our new locations, we will consider reallocating of staff within our existing operations and for additional staff requirements we will rely on our existing recruitment policy as disclosed in the paragraph headed “Employees — Recruitment” in this section.

Each of our new restaurant and/or new bakery retail outlet will adopt a similar reporting structure and quality control policy of our existing restaurants and bakery retail outlet, details of which are set out in the paragraphs headed “Operations and management — Reporting structure of our Group” and “Quality control” in this section, respectively.

COMPETITION

Singapore consumer foodservice industry

The consumer foodservice industry is competitive in terms of consistency of food quality, price-value relationships, dining environment, customer service and restaurant location. The entry barriers for Asian FSRs market in Singapore are (i) moderately low which increases competition; (ii) requiring sufficient capital investments to set up business; and (iii) providing high service standard to grow customer base.

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According to the Euromonitor Report, Singapore's Asian FSRs market is fragmented and competition is intense with many players, with approximately 915 outlets in 2016. The majority of consumer foodservice operators are small to medium-sized enterprises. The leading operators in the Asian FSRs market often manage a large portfolio of chained and independent restaurants cutting across various price segments. The top five players accounted for approximately 38.5% of market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016. Please refer to the section headed "Industry Overview" in this prospectus.

Malaysia artisanal bakery industry

The artisanal bakery industry is competitive in terms of location, product quality, price and brand recognition. The entry barriers for artisanal bakery industry in Malaysia are (i) production innovation to keep up with changing consumer preferences; (ii) providing good quality at affordable price; and (iii) selecting location to expand customer reach.

According to the Euromonitor Report, the artisanal bakery industry in Malaysia is highly fragmented, with approximately 1,502 bakery retail outlets in 2016, judging by wide variety of bakery products. Products range from traditional to urban contemporary and include offerings from diverse cultures. The top five players accounted for approximately 8.5% of market share, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016. Please refer to the section headed "Industry Overview" in this prospectus.

We believe that our Group is competitively positioned based on our operating history of more than ten years, our strong brand recognition and reputation, diversified customer base, our innovative product offerings and unique dining experience and our experienced management. Please refer to the section headed "Risk Factors — Risks relating to the industry" in this prospectus.

INFORMATION TECHNOLOGY

To assist our Directors and senior management to analyse our Group's performance and to centralise and increase the efficiency of our restaurants and bakery retail outlets operation and management, we have implemented the following information technology management systems:

- POS system — a report on the sales volume of each restaurant and bakery retail outlet is generated every day, which captures extensive consumer spending data, including, where relevant, time and date of meal, location of guest's seat, quantities of each menu item sold, drinks consumption, individual order breakdown and types of payment. Based on the information generated, we perform reconciliation between the receipts issued to customers and cash at hand in the restaurants and bakery retail outlet;
- table management system — a system for our "Black Society" restaurant serving as a data base of our frequent customer preferences and, in and out records. The system also assists our restaurant staff in arranging seating and reservations;

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- eMenu system — an electronic in-store dining solution installed in each of our “Central Hong Kong Café” restaurant which, through the use of electronic tablets, allows customer to browse the menu, place orders, view bill, make payments and even give feedback directly from the tablet itself; and
- accounting system — management accounts of each restaurant and bakery retail outlet are generated on a monthly basis, allowing our management to monitor the performance of each restaurant and bakery retail outlet.

AWARDS AND ACCOLADES

Our Directors believe that being recognised as providing quality food and service can be highly beneficial to boosting the image of our dining operations in Singapore. Our dining operations in Singapore had received the following awards or accolades due to our high quality of food and standard of service:

Year of awards	Award/recognition	Restaurants awarded	Awarding body
2010/2011	Singapore’s Top Restaurants Gold Award (<i>Note 1</i>)	“Black Society” restaurant	Simply Dining (<i>Note 6</i>)
2012	Food Fest Top 10 Favourite Restaurants (<i>Note 2</i>)	“Black Society” restaurant	Classified Advertisements Telephone Service (<i>Note 7</i>)
2013	Singapore’s Top Restaurants (<i>Note 3</i>)	“Black Society” restaurant	Wine & Dine Experience Pte. Ltd. (<i>Note 8</i>)
2013/2014	Singapore Quality Brands (<i>Note 4</i>)	“Black Society” restaurant “Central Hong Kong Café” restaurants	Singapore Enrich Group Pte. Ltd. (<i>Note 9</i>)
2014	Singapore’s Top Restaurants (<i>Note 3</i>)	“Black Society” restaurant	Wine & Dine Experience Pte. Ltd. (<i>Note 8</i>)
2014	Top 25 Prestige Award (<i>Note 5</i>)	“Black Society” restaurant “Central Hong Kong Café” restaurants	Singapore Enrich Group Pte. Ltd. (<i>Note 9</i>)

Note:

1. Singapore’s Top Restaurants Gold Awards were presented to restaurants for their exceptional culinary skills and service.
2. The Food Fest Top 10 Favourite Restaurants awards were presented to the Top 10 restaurants of the Classified Advertisements Telephone Service (“*CATS Classified*”) food fest. These restaurants were voted in by members of the public during the period of the CATS Classified food fest advertising promotion.

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3. Singapore's Top Restaurants were to certify restaurant as one of Singapore's finest restaurant of the respective period.
4. The Singapore Quality Brands award was to recognise and honour the small medium enterprises' and entrepreneurs' success, as a mark of robust brand performance and exceptional service delivery.
5. The Top 25 Prestige awards were presented to restaurants for having demonstrated exceptional accomplishments in business field.
6. Simply Dining is the definitive guide to Singapore's top restaurants.
7. CATS Classified is part of the marketing division of Singapore Press Holdings Limited, which is a Southeast Asia's leading media organisation.
8. Wine & Dine Experience Pte. Ltd. publishes "Wine & Dine" magazine which is a definitive guide for gourmands for the past 30 years.
9. Singapore Enrich Group Pte. Ltd ("SEG") is a publishing and media consultancy which recognised small medium enterprises' and entrepreneurs' success in communication of product quality, services and brand goodwill to general consumers and clients. SEG has initiated numerous awards and publication such as Singapore Excellence Award, Asia Excellence Award, Singapore Entrepreneurs' Award (Chinese Edition), Singapore Business Quality Award and Singapore Quality Brands.

INSURANCE

During the Track Record Period and up to the Latest Practicable Date, we maintained (i) insurance for employees' and foreign employees' medical and compensation for injuries, disablement or death in the course of the employment with our Group; (ii) insurance against fire, theft, burglary, glass and plate, money in transit, goods in transit and public liability insurance for claims of illness, injuries or damages to personal property of customers; and (iii) insurance for motor vehicles which serve as delivery trucks of Bread Story. We do not maintain insurance policies against all risks associated with our business.

Please see the section headed "Risk Factors — Risks relating to the business — Our Group's insurance coverage may be insufficient to protect our Group against potential liabilities arising during the course of operations" in this prospectus for details.

Our Directors believe that our insurance coverage is adequate for our business and in line with the standard industry practice in Singapore and Malaysia.

OUR PROPERTY INTERESTS

Owned properties

As at the Latest Practicable Date, we owned three properties in Malaysia, of which (i) two are used as our Central Bakery, office of our Group in Malaysia and staff quarter; and (ii) one is used by our senior management as temporary residence during their business trips to Malaysia.

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The following table sets out details of the properties owned by our Group in Malaysia as at the Latest Practicable Date:

No	Use of property	Approximate floor area (sq. ft.)	Address
1.	Central Bakery, office of our Group in Malaysia and staff quarter	6,584	No. 37, Jalan 1/137B, Resource Industrial Centre, Jalan Klang Lama, 58100 Kuala Lumpur
2.	Central Bakery, office of our Group in Malaysia and staff quarter	6,584	No. 39, Jalan 1/137B, Resource Industrial Centre, Jalan Klang Lama, 58100 Kuala Lumpur
3.	Temporary residence for our senior management	1,587	300-15-16, OBD Garden Tower Condominium, Jalan Desa Utama, Taman Desa, 58100 Kuala Lumpur

Pursuant to Rule 8.01B(2)(a) of the GEM Listing Rules, if the carrying amount (as defined in Rule 8.01(1) of the GEM Listing Rules) of a property interest (as defined in Rule 8.01(3) of the GEM Listing Rules) is or is above 15% of its total assets (as defined in Rule 8.01(4) of the GEM Listing Rules), the prospectus must include the full text of a valuation report for such property interest. As there is no single property interest as set out in the table above that forms part of our non-property activities, has a carrying amount of 15% or more of our total assets as at 31 December 2017, being the date of the most recent audited consolidated statements of the financial position of our Group, no valuation report has been prepared accordingly.

Leased properties

As at the Latest Practicable Date, we leased a total of 10 and 19 properties in Singapore and Malaysia respectively, from Independent Third Parties, of which two are used as our office in Singapore, eight are used as our restaurants in Singapore, two are used as our Central Bakery, office of our Group and staff quarter in Malaysia and 17 are used as our bakery retail outlets. Some lease agreements contain an option for us to renew for periods ranging from one to three years. Our current leases will expire between 27 May 2018 and 27 December 2021. For leases that will expire in 2018, our Directors currently do not expect any legal or practical impediment to renew such leases. Our rentals and related expenses amount to S\$3.1 million, S\$3.6 million and S\$4.3 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing approximately 23.7%, 23.3% and 21.7% of our revenue for the same period, respectively.

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The following table sets out details of the properties leased and occupied by our Group in Singapore and Malaysia as at the Latest Practicable Date:

No.	Use of property	Approximate floor area (sq. ft.)	Expiry date	Number of years for which the existing term can be renewed	Address
1.	Central (VC)	1,528	22 August 2019	Nil	1 Harbourfront Walk, #B2-13/14 Vivocity, Singapore 098585
2.	Central (JP)	1,765	10 May 2020	3 years	63 Jurong West Central 3, #03-90/91/92/93/94/95, Jurong Point Shopping Centre, Singapore 648331
3.	Central (SV)	1,410	7 October 2018	Nil	#B1-07 and #B1-41, the Star Vista — 1 Vista Exchange Green, Singapore 138617
4.	Central (RWS)	1,518	22 December 2018	3 years	#B1-225 of 26 Sentosa Gateway, Singapore 098138
5.	Central (WL)	1,604	5 November 2019	Nil	501 Orchard Road, #B2-01, Wheelock Place, Singapore 238880
6.	Central (NP)	1,647 (subject to final survey)	27 December 2021 ⁽¹⁾	3 years	#01-137/138 (provisional numbering subject to IRAS' approval), 1 Northpoint Drive, South Wing of Northpoint City, Singapore 768019
7.	Black Society (VC)	6,792	30 April 2021	Nil	1 Harbourfront Walk, #02-156/157, Vivocity, Singapore 098585
8.	Greyhound (PG) ^(Note 2)	Demised premises: 733 Licensed area: 1,755	3 November 2019	3 years	290 Orchard Road, Provisional units #01-25 and #01-25A, Paragon, Singapore 238859

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No.	Use of property	Approximate floor area (sq. ft.)	Expiry date	Number of years for which the existing term can be renewed	Address
9.	Office of our Group in Singapore	753	27 April 2019	Nil	151, Chin Swee Road, #02-13 Manhattan House, Singapore 169876
10.	Office of our Group in Singapore	700	30 April 2019	2 years	151 Chin Swee Road, #02-27 Manhattan House, Singapore 169876
11.	Bread Story (IU)	872	15 November 2018	3 years	Lot LG333, Lower Ground Floor, 1 Utama Shopping Centre, No.1, Lebuhraya Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor
12.	Bread Story (OUG)	899	30 July 2018	Nil	Lot G1, Ground Floor, Parkson OUG Plaza, Jalan Mega Kecil, Taman United, 58200 Wilayah Persekutuan, Kuala Lumpur
13.	Bread Story (SWPY)	976	31 July 2020	Nil	LG2.33, Lower Ground Two, Sunway Pyramid Shopping Mall No.3, Jalan PJS 11/15 Bandar Sunway, 46150 Petaling Jaya, Selangor
14.	Bread Story (GM)	958	11 August 2019	3 years	LG212, Lower Ground Floor of The Gardens Mall, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur
15.	Bread Story (LM)	566	31 August 2018	Nil	Lot L1-48-1, Level 1, Cheras Leisure Mall, Jalan Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur
16.	Bread Story (IJN)	689	31 January 2020	2 years	Ground Floor, Block A, Institut Jantung Negara, 145 Jalan Tun Razak, 50400 Kuala Lumpur

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No.	Use of property	Approximate floor area (sq. ft.)	Expiry date	Number of years for which the existing term can be renewed	Address
17.	Bread Story (TM)	205	15 February 2020	3 years	Unit L1-K23(P), Level 1, The Mines, Jalan Dulang, Mines Resort City, 43300 Seri Kembangan, Selangor
18.	Bread Story (SP)	1,131	27 May 2018	3 years	Unit LG-3, Lower Ground Floor, Sunway Putra Mall, No. 100, Jalan Putra, 50350 Kuala Lumpur
19.	Bread Story (PSA)	350	9 June 2019	2 years	Lot No G35 & 36, Ground Floor, Plaza Shah Alam, No.2, Jalan Tengku Ampuan Zabedah E9/E, Seksyen 9, 40100 Shah Alam Selangor
20.	Bread Story (SBP)	200	14 June 2019	3 years	Lot No. LGC 09(II), Lower Ground Floor, Subang Parade, No.5, Jalan SS16/1, 47500 Subang Jaya, Selangor
21.	Bread Story (IOI)	254	7 September 2018	2 years	Lot GK20B, Ground Floor, IOI Mall, Batu 9 Jalan Puchong, Bandar Puchong Jaya, Puchong, 47170 Selangor
22.	Bread Story (SV)	1,139	29 January 2020	3 years	Lot B-41, Basement 1, Sunway Velocity Mall, LingkaranSV, Sunway Velocity, 55100 Kuala Lumpur
23.	Bread Story (MT)	658	15 March 2020	3 years	Lot B1-037, Mytown Shopping Centre, No. 6, Jalan Cochrane, Seksyen 90, 55100 Kuala Lumpur
24.	Bread Story (SWP)	334	31 December 2018	3 years	Unit C51, Concourse, Sungei Wang Plaza, Jalan Bukit Bintang, 55100 Kuala Lumpur

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No.	Use of property	Approximate floor area (sq. ft.)	Expiry date	Number of years for which the existing term can be renewed	Address
25.	Bread Story (IPC)	784	30 June 2020	3 years	LG 1.23A, Lower Ground Floor IPC Shopping Centre, No. 2 Jalan PJU 7/2, Mutiara Damansara, 47800 Petaling Jaya, Selangor
26.	Bread Story (EC)	747	19 August 2020	3 years	C-158A, Concourse Level, Empire City Damansara Jalan Damansara, Damansara Perdana, PJU 8, 47820 Petaling Jaya, Selangor
27.	Bread Story (PP)	390	15 April 2021	3 years	Lot 1.0.33, G/F, Pearl Point Shopping Mall, Batu 5, Jalan Klang Lama, 58000, Kuala Lumpur
28.	Central Bakery, office of our Group in Malaysia and storage	6,458	31 August 2018	2 years	Nos. 35, 35-1, 35-2 & 35-3, Jalan 1/137B, Resources Industrial Centre, Old Klang Road, 58100 Kuala Lumpur
29.	Storage	1,615	31 August 2019	3 years	No. 41-G, Jalan 1/137B, Resource Industrial Centre, Old Klang Road, 58100 Kuala Lumpur

Notes:

- (1) The expiry date may be subject to change pending the landlord's approval of the deferment of commencement date for the Central (NP) lease.
- (2) Together with the lease of provisional units #01-25 and #01-25A, in Paragon, Singapore, a storage facility of approximately 188 sq. ft. in floor area was provided to Greyhound (PG) for its use as a storage area only.

LICENCES AND APPROVALS

We are required to obtain various licences for our business operations, including (i) food shop licence issued by the NEA for our dining operations in Singapore; (ii) business licence issued by respective Municipal Council for our artisanal bakery operations in Malaysia; and (iii) halal certificate issued by the Department of Islamic Development Malaysia for our Central Bakery in Malaysia. For further details, please refer to the section headed "Regulatory Overview" in this prospectus.

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Dining operations in Singapore

We have set out in the table below a summary of the licences and certificates material to our dining operations in Singapore that we held as at the Latest Practicable Date:

Type of licence	Restaurant/outlet involved	Licence number/Approved plan numbers ¹	Commencement date	Expiry date	Licencee
Food shop licence and grading certificate	Central (VC)	SW07C05V000 Grade: A	N/A ⁽²⁾	7 April 2019	J W Central
	Central (JP)	SW08791N000 Grade: B	N/A ⁽²⁾	25 July 2018	J W Central
	Central (SV)	SW12M96X000 Grade: B	N/A ⁽²⁾	14 January 2019	J W Central
	Central (RWS)	SW14562N000 Grade: A	N/A ⁽²⁾	25 January 2019	J W Central
	Central (WL)	CE12I41A000 Grade: A	N/A ⁽²⁾	19 December 2018	J W Central
	Central (NP)	NW17970A000 Grade: A	N/A ⁽²⁾	22 January 2019	J W Central
	Black Society (VC)	SW06609L000 Grade: A	N/A ⁽²⁾	14 January 2019	Bosses Co.
	Greyhound (PG)	CE16L63C000 Grade: A	N/A ⁽²⁾	20 December 2018	JC Dining
Liquor licence ⁽³⁾	Black Society (VC)	Class 1A Licence: L/LL/005591/2017/P	29 April 2017	28 April 2018	Bosses Co.
		L/LL/004464/2018/P	29 April 2018	28 April 2019	
Greyhound (PG)	Class 1A Licence: L/LL/005165/2018/P	9 April 2018	8 April 2019	JC Dining	
Fire safety certificate	Central (VC)	CMV/A04741/13 CFP/A04741/1301 CFP/A04741/13 CBP/A04741/13	8 August 2014	N/A ⁽⁴⁾	J W Central
	Central (JP)	CBP/A03622/13 CFP/A03622/1301 CMV/A03622/13 CFP/A03622/13	7 August 2017	N/A ⁽⁴⁾	J W Central
	Central (SV)	CMV/A08375/14 CBP/A08375/14 CFP/A08375/1402 CMV/A08375/1401 CFP/A08375/1401	6 July 2015	N/A ⁽⁴⁾	J W Central

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Type of licence	Restaurant/outlet involved	Licence number/Approved plan numbers ¹	Commencement date	Expiry date	Licencee
	Central (RWS)	CBP/A11056/1501 CBP/A11056/15 CMV/A11056/15 CFP/A11056/15	28 January 2016	N/A ⁽⁴⁾	J W Central
	Central (WL)	CFP/A08473/16 CMV/A08473/16 CBP/A08473/16 CBP/A08473/1601	10 December 2016	N/A ⁽⁴⁾	J W Central
	Central (NP)	CFP/A00147/18 CMV/A00147/18 CBP/A00147/18	25 January 2018	N/A ⁽⁴⁾	JW Central
	Black Society (VC)	CBP/A01683/0601 CMV/A01683/06 CFP/A01683/0601 CBP/A01683/0602 CFP/A01683/06 CFP/A01683/0602 CMV/A01683/0601 CBP/A01683/06	11 August 2017	N/A ⁽⁴⁾	Bosses Co.
	Greyhound (PG)	CBP/A09853/16 CFP/A09853/16 CMV/A09853/16	5 January 2017	N/A ⁽⁴⁾	JC Dining
Electrical installation licence	Central (VC)	E/105211	24 March 2018	23 March 2019	Note 5
	Central (JP)	N/A ⁽⁶⁾	N/A ⁽⁶⁾	N/A ⁽⁶⁾	N/A ⁽⁶⁾
	Central (SV)	E/107591	24 March 2018	23 March 2019	Note 5
	Central (RWS)	E/95104	28 May 2017	27 May 2018	Note 5
	Central (WL)	E/26584	14 February 2018	13 February 2019	Note 5
	Central (NP)	E136509	20 June 2017	19 June 2018	Note 5
	Black Society (VC)	E/105211	24 March 2018	23 March 2019	Note 5
Certificate of fitness for gas installation ⁽⁷⁾	Greyhound (PG)	E/117356	6 September 2017	5 September 2018	Note 5
	Central (VC)	N/A	13 July 2017	12 July 2018	J W Central
	Central (JP)	N/A	21 July 2017	20 July 2018	J W Central
	Central (SV)	N/A	14 July 2017	13 July 2018	J W Central
	Central (RWS)	N/A	13 July 2017	12 July 2018	J W Central
	Central (WL)	N/A	26 October 2017	25 October 2018	J W Central
	Central (NP)	Note 8	Note 8	Note 8	JW Central

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Type of licence	Restaurant/outlet involved	Licence number/Approved plan numbers ¹	Commencement date	Expiry date	Licencee
	Black Society (VC)	N/A	13 July 2017	12 July 2018	Bosses Co.
	Greyhound (PG)	N/A	23 November 2017	22 November 2018	JC Dining
Music copyright licence	Applicable to all “Central Hong Kong Café” restaurants	180200027	1 January 2018	31 December 2018	J W Central
	Black Society (VC)	170300029	1 January 2018	31 December 2018	Bosses Co.
	Greyhound (PG)	170300028	1 January 2018	31 December 2018	JC Dining
Registration to import processed food products and food appliances	Black Society (VC)	IP14M0015	N/A ⁽⁹⁾	31 December 2018	Bosses Co.

Note:

- (1) Approved plan numbers is applicable to fire safety certificate only.
- (2) No commencement date is stated on the food shop licence and grading certificate issued by NEA.
- (3) Liquor licence is required for all of our restaurants on whose premises alcoholic beverages are offered.
- (4) There are no expiry date for fire safety certificate.
- (5) The electrical installation for the outlet is covered under the building, landlord or MCST’s electrical installation licence.
- (6) Central (JP) is not required to apply for licensing with the EMA as the approved load for the premise does not exceed 45 kilo volt ampere.
- (7) As advised by our Singapore Legal Advisers, under the Gas Supply Code issued by the EMA, for gas installation and/or gas fitting of non-residential premises operating at any pressure above 30 mbars, the responsible person may be required by the gas transporter to appoint a professional engineer to certify annually the fitness for such part of the gas installation or gas fitting. There is no licence number for certificate of fitness for gas installation.
- (8) Pursuant to our Singapore Legal Advisers’ enquiries with EMA, we were advised that a certificate of fitness for gas installation is only required to be issued when the premises receives a notification from SP Group to conduct the annual inspection of its gas installation. Until such notification is received, the “Statement of Turn-on Gas Supply” obtained by Central (NP) is currently sufficient for it to commence operations.
- (9) No commencement date is stated on the Registration to import processed food products and food appliances.

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Artisanal bakery chain in Malaysia

We have set out in the table below a summary of the licences and certificates material to our artisanal bakery chain in Malaysia that we held as at the Latest Practicable Date:

Type of licence	Outlet/bakery involved	Licence number	Commencement date	Expiry date	Licencee
Business licence	Central Bakery	DBKL.JPPP/KM01/1601/09/2010	1 February 2018	31 January 2019	Bread Story Co.
	Central Bakery	DBKL.JPPP/PR01/1422/03/2016	25 July 2017	24 July 2018	Bread Story Co.
	Bread Story (LM)	DBKL.JPPP/KM01/0472/05/2010	1 June 2017	31 May 2018	Bread Story Co.
	Bread Story (GM)	DBKL.JPPP/KM01/1815/09/2008	1 November 2017	31 October 2018	Bread Story Co.
	Bread Story (IJN)	DBKL.JPPP/KM01/2306/04/2015	28 April, 2017, 28 April 2018	27 April, 2018, 27 April 2019	Bread Story Co.
	Bread Story (OUG)	4352/10/2004	18 April 2018	17 April 2019	Bread Story Co.
	Bread Story (SWP)	DBKL.JPPP/KM01/1419/03/2016	25 July 2017	24 July 2018	Bread Story Co.
	Bread Story (SP)	DBKL.JPPP/KM01/0028/09/2016	1 September 2017	31 August 2018	Bread Story Co.
	Bread Story (PSA)	MBSA/LSP/LS/600-4/1/1440-16	10 October 2017	14 October 2018	Bread Story Co.
	Bread Story (1U)	L230000069647	1 January 2018	31 December 2018	Bread Story Co.
	Bread Story (SWPY)	MPSJ1869790BSJ	1 January 2018	31 December 2018	Bread Story Co.
	Bread Story (TM)	1520160500083P	16 February 2018	5 October 2018	Bread Story Co.
	Bread Story (SBP)	1520160900092P	28 September 2017	27 September 2018	Bread Story Co.
	Bread Story (IOI)	1520161100317P	14 December 2017	13 June 2018	Bread Story Co.
	Bread Story (SV)	DBKL.JPPP/KM01/3081/03/2017	23 March 2018	22 March 2019	Bread Story Co.
	Bread Story (MT)	DBKL.JPPP/KM01/0341/05/2017	4 May 2017, 4 May 2018	3 May 2018, 3 May 2019	Bread Story Co.
	Bread Story (EC)	L220000200050	1 January 2018	31 December 2018	Bread Story Co.
	Bread Story (IPC)	L230000203898	5 January 2018	31 December 2018	Bread Story Co.
Halal certificate of authentication (Note 1)	Applicable to all “Bread Story” bakery retail outlets and Central Bakery	A52554, A52555, A52556, A52557, A52558, A52559, A52560	1 January 2016	31 December 2017	Bread Story Co.

Note 1: As at the Latest Practicable Date, the halal certificates held by Bread Story were expired on 31 December 2017. Bread Story has submitted its renewal application before its expiry and is currently pending for inspection by the Department of Islamic Development Malaysia (“JAKIM”). As it is the standard operation procedures and timeframes for such renewal application, JAKIM will not initiate any action during the period from the expiry of the previous halal certificates until such time that the renewed halal certificates are issued in favour of Bread Story. As long as there is no material non-compliance by Bread Story, our Directors do not foresee any legal impediment in renewing the said halal certificates given that our Group were issued with the halal certification issued by the JAKIM since December 2013.

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During the Track Record Period and up to the Latest Practicable Date, save for disclosed in the paragraph headed “Legal proceedings and compliance” in this section, our Group had obtained all necessary licences, permits and certificates that are material to our business operations in Singapore and Malaysia. We will apply to renew the relevant licences from one week to one month in advance depending on the application process of the relevant authorities, to ensure successful renewal before their expiry. To the best of the knowledge and belief of our Directors, they are not aware of any impediment for the renewal of the relevant licences, permits and certificates.

EMPLOYEES

We had a total of 100, 144 and 166 employees (including both full-time and part-time employees) as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively, in our dining operations in Singapore. We had a total of 95, 123 and 116 employees (including both full-time and part-time employees) as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively, in our artisanal bakery chain in Malaysia. The following table shows a breakdown of our employees (including both full-time and part-time by functions as at the Latest Practicable Date:

	As at the Latest Practicable Date		
	Singapore	Malaysia	Total
Directors and senior management ¹	4	1	5
Head of department	1	3	4
Sales and marketing	—	1	1
Finance and accounting	3	2	5
Restaurant/bakery staff			
Kitchen staff	61	47	108
Floor staff	93	54	147
Procurement	—	2	2
Logistics	—	7	7
Human resources/ Administration/ Information technology	1	1	2
Total	163	118	281

Notes:

1. Directors and senior management of our Company are accounted for in this table excluding INEDs.

Our Directors believe that the dining operations in Singapore and artisanal bakery chain in Malaysia are service-oriented and labour intensive businesses, and all our staff members play an integral part in the successful development of our Group’s restaurants and bakery retail outlets. In particular, our Directors believe that priority must be given to the training and continual development of our kitchen and floor staff to ensure quality customer services and cuisine offering. As our dining operations in Singapore and artisanal bakery chain in Malaysia requires a considerable number of employees for their functions, our staff costs represents a substantial portion of our Group’s expenses.

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Our staff costs, including all salaries and benefits payable to our employees and executive Directors, represented approximately 27.0%, 25.4% and 29.9% of our total revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Our Group expects our staff costs to continue to rise as inflationary pressures would drive up wages. A sensitivity analysis of the hypothetical fluctuation of staff costs is set out in the section headed “Financial Information — Factors affecting our financial results — Employee benefits expense” in this prospectus.

For each of the years ended 31 December 2015, 2016 and 2017, there were 57 staff, 53 staff and 96 staff who resigned from our Group, and the average monthly resignation rates of our staff were approximately 2.7%, 2.3% and 2.8%, respectively, of which the majority of them were full-time staff. The staff turnover was mainly affected by the closure of certain bakery retail outlets during the Track Record Period and the termination of employment with certain under-performing foreign workers for our dining operations upon the expiration of their respective contracts. Our Directors are of the view that the overall staff turnover rates are not inconsistent with the industry norm.

During the Track Record Period and up to the Latest Practicable Date, there had not been any labour strike within our Group and we did not experience any material labour dispute nor any material insurance claim related to employees’ injuries. We had provided a defined contribution to the CPF for our employees in Singapore as required under the laws of Singapore and the EPF for our employees in Malaysia as required under the laws of Malaysia, respectively.

Dependency ratio ceilings

The employment of foreign workers for our dining operations in Singapore is limited by, among others, a quota (or dependency ratio ceiling) and subject to the payment of the applicable levies set by the MOM. For the services industry, employers 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. As at the Latest Practicable Date, our Group’s dining operations in Singapore had a total of 163 employees, of which 98 were local employees and 65 were foreign employees. Based on the quota (dependency ratio ceiling) provided by the MOM, as at the Latest Practicable Date:

Under Bosses Co.:

- we have employed 18 foreign employees and 31 local employees; and
- we have the capacity to employ two additional foreign employees based on the number of our current 31 local employees employed under Bosses Co.

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Under J W Central:

- we have employed 32 foreign employees (of which one is a letter of consent holder and hence do not count towards the foreign employee quota) and 47 local employees; and
- we do not have any capacity to employ additional foreign employees based on the number of our current 47 local employees employed under J W Central unless more local employees are hired.

Under JC Dining:

- we have employed 15 foreign employees (of which two are letter of consent holders and hence do not count towards the foreign employee quota) and 20 local employees; and
- we do not have any capacity to employ additional foreign employees based on the number of our current 20 local employees employed under JC Dining unless more local employees are hired.

Please see the section headed “Regulatory overview — Singapore Laws and Regulations” in this prospectus for the entirety of the advice provided by the Singapore Legal Advisers in relation to the employment of foreign workers for our Singapore dining operations.

Training programmes

Our Group will continue to provide on-the-job training for our employees covering different aspects based on their operational responsibilities, including food ingredients preparations and preservation, customer services, hygiene requirements of the restaurants, Central Bakery and bakery retail outlets and quality control. Our team of experienced managers and chef will also continue to train our staff as part of their day-to-day operations. For our dining operations in Singapore, all employees are required to undergo the “Basic Food Hygiene Course” in accordance with the legal regulations of the NEA. The “Basic Food Hygiene Course” accreditation is effective for a 5-year period. Subsequent renewals of the accreditation are effective for a 10-year period. For our Malaysia artisanal bakery chain, all food handlers are required to attend the “Food Handling Course” as required by the Ministry of Health of Malaysia. During the Track Record Period, certain employees of our franchised “Greyhound Café” restaurant attended overseas training programme arranged by Greyhound Café Co..

Our new recruits are generally subject to a probation period of approximately three to six months. They will be confirmed as full-time employees if their respective managers are satisfied with their performance during the probation period. New recruits and more junior employees are placed under the guidance of experienced employees regardless of whether they are eventually located to new or existing restaurants or bakery retail outlets of our Group. As such, the operational risk in launching a new restaurant or bakery retail outlet is greatly reduced. Under such arrangement, our new recruits are provided with the necessary support, while our experienced employees are provided with promotion prospects.

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Recruitment

Recruitment in the food and beverage industry are highly competitive. We believe that we are able to hire suitable candidates by offering attractive remuneration packages, including competitive wages, benefits, discretionary bonus, employee dining and/or purchase discounts, ongoing training and promotion prospects, to our employees. Our human resources team is responsible for recruiting our employees from the open market through advertisements on medial channels and referrals from our existing employees.

Staff retention, award and encouragement

Our Directors believe that our Group's success is dependent on our ability to attract, motivate and retain a sufficient number of qualified employees, kitchen staff, branch manager, service staff and administrative staff. Our Directors believe that providing a caring working environment will help with retaining staff and encourage productivity. Other than offering attractive remuneration packages and a safe working environment, we organise staff relations activities such as annual dinners and employees gatherings. Salary level of our employees are reviewed and adjusted from time to time based on their performances and the market conditions.

We have conditionally adopted the Share Option Scheme. The purpose of the Share Option Scheme is to enable us to grant options to participants in recognition of their contributions made or to be made to our Group. For further details, please refer to the section headed "Statutory and General Information — F. Share Option Scheme" in Appendix IV to this prospectus.

Employees safety

Our operations are subject to certain health and safety regulations issued by the relevant health and safety authorities in Singapore and Malaysia. We have set up and implemented safety procedures and guidelines which set out work safety policies and procedures in our offices, restaurants, Central Bakery and bakery retail outlets. We provide training to all of our new recruits and existing employees. For further information on the health and safety regulations applicable to our Group's business operation, please refer to the section on "Regulatory Overview" in this prospectus.

Our Group has adopted a workplace safety and health policy which includes activity-based risk assessment for different departments and work safety procedures such as emergency response and use of protective gears. All accidents are reported to the human resources team and Ms. Low, Mr. Chiu or Mr. Viscuso. Our Directors confirm that no significant workplace accidents had occurred at our restaurants and/or bakery retail outlets during the Track Record Period.

ENVIRONMENTAL MATTERS

The operations of our artisanal bakery chain in Malaysia are subject to environmental protection laws and regulations in Malaysia. Our Directors believe that they should operate our business operations with social responsibility and as such should take into account factors that may affect the

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environment. As at the Latest Practicable Date, our Group were in material compliance with applicable environment protection laws and regulations in Malaysia. As advised by our Singapore Legal Advisers, our dining operations in Singapore are not subject to any specific environmental protection law and regulation in Singapore.

INTELLECTUAL PROPERTY RIGHTS

Our Directors believe that brand recognition, together with quality food and services, are vital to the success of our Group's operation. As at the Latest Practicable Date, we were the registered owner of five, three and two trademarks in Singapore, Malaysia and Hong Kong, respectively. We have also entered into the Greyhound Franchise Agreement for the right to use the trademark of "Greyhound Café". Please refer to the section headed "Statutory and General Information — C. Further information about our business — 2. Our material intellectual property rights" in Appendix IV to this prospectus for more details of our trademarks and domain names.

Our Directors confirm that during the Track Record Period, we were not involved in any proceedings in respect of, and we had not received any notice of claims of infringement of any intellectual property rights that may be threatened or pending, in which we may be involved whether as a claimant or as a respondent. Further, we have no knowledge of any restaurant and/or bakery retail outlet passing themselves as part of our Group by using the same or similar names of the restaurants and/or bakery retail outlets of our Group.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, other than the non-compliances disclosed below which were discovered during the preparation of our Group for the purpose of Listing, we did not commit any other material non-compliance of the laws or regulations, and other than the non-compliances disclosed below, we did not experience any systemic non-compliance incident which in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations. During the same periods, we did not experience any non-compliance of the laws or regulations, which in the opinion of our Directors, reflects negatively on the ability or tendency of our Company, our Directors or our senior management, to operate our business in a compliant manner.

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Non-Compliance Matters

During the Track Record Period, we did not fully comply with certain laws and regulations in Singapore and Malaysia. Save for the non-compliance incidents set forth below, we had been in compliance in all material aspects with the applicable laws and regulations in Singapore and Malaysia during the Track Record Period and up to the Latest Practicable Date:

Singapore

Particulars of No. non-compliance	Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
1. Bosses Co. received a letter from the NEA dated 9 June 2016 which claimed that the raw salmon served in the restaurant was contaminated with <i>Bacillus Cereus</i> . The incident was identified through ad-hoc inspection by the NEA.	The non-compliance incident was due to the inadvertent omission by an employee, who is a kitchen staff, in adhering to adequate food safety practices as set out by the Group at the relevant time.	Pursuant to Regulation 17(2) of the Environmental Public Health (Food Hygiene) Regulations (“EPHR”), Bosses Co. is liable for composition fine of S\$400 and 6 demerit points. Food establishments which accumulate 12 or more demerit points within any 12-month period is liable to have its licence to operate suspended for a certain period of time or revoked, depending on past suspension records.	Bosses Co. paid the fine of S\$400 on 4 July 2016. As at 7 July 2016, Bosses Co. accumulated a total of 6 demerit points. As such, the 6 demerit points remained with Bosses Co. until 8 July 2017. As advised by our Singapore Legal Advisers, all accumulated demerit points by the operators will be erased if no demerit point is recorded against the operator for a period of 12 months from the date of the last offence committed. As at the Latest Practicable Date, no demerit point was recorded against Bosses Co.	Our Group has enhanced the internal training on proper preparation and storage of raw food to all kitchen staff. Our chief executive officer and executive chef, who have over 10 years and 41 years of experience in the food and beverage industry respectively, will perform internal spot check on a weekly basis. Posters on kitchen hygiene and chillers handling are currently being displayed in the kitchen areas of all outlets to serve as reminders for all kitchen staff. The kitchen chef of each restaurant will provide on-the-job food processing and hygiene training to other kitchen staff on an on-going basis. Our kitchen chefs have over five years of experience in the food and beverage industry.

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Particulars of No. non-compliance	Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
				On a daily basis, our kitchen staffs will perform regular checks on the storage temperature to ensure that the food ingredients are stored under the desired temperature. Our kitchen chef and branch manager will perform visual check on the presentation and random taste-test to ensure the quality and flavour of the dishes before serving our customers. After the incident, we have arranged our personnel responsible for raw seafood preparation in Bosses Co. to attend training at a food and hygiene course which is a workforce skills qualifications programme, to refresh them on the implementation of strict standards in food safety. The training is organised by a Singapore workforce development agency accredited training provider offering food and beverage support solutions for the food and beverage industry. The abovementioned measures have been implemented in July 2017.

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No.	Particulars of non-compliance	Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
2.	Bosses Co. had supplied liquor at the Black Society (VC) without the Class 1A liquor licence. Class 1A liquor licence allows the supply of all types of liquor, as defined under the LCA, for consumption at the licensed premises. During the Track Record Period, the Class 2A liquor licence held by Bosses Co. only allows the supply of beer for consumption at the licensed premises.	The omission was due to an employee responsible for the licensing matters of the Group who inadvertently mistook that the Class 2A liquor licence covers the sale of all types of alcoholic beverages at the restaurant.	Under the LCA, the licensing officer may after informing the licensee and giving the licensee an opportunity to be heard, suspend for a period of up to 6 months or cancel a liquor licence if the licensee has breached any of the restrictions or conditions of the liquor licence. Up to the Latest Practicable Date, Bosses Co. is not aware of any prosecution/ investigation by the licensing officer or was issued any suspension notice for its breach of the condition under the Class 2A liquor licence. A licensee who contravenes any condition under the Class 2A liquor licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$10,000.	Bosses Co. had obtained a Class 1A liquor licence on 1 May 2017. Our Singapore Legal Advisers are of the view that, on the basis that the appropriate liquor licence has been obtained and since Bosses Co. has maintained a valid Class 2A liquor licence during the Track Record Period, the risk of prosecution against Bosses Co, its directors and/ or officers for the past non-compliance incident in respect of the supply of liquor without an appropriate licence and suspension of our liquor licence is remote.	We have assigned our accounts manager and the respective restaurants' branch manager to supervise and monitor all licences, permits and approvals required for the business operation of the Group. The account manager will coordinate with the relevant authorities and ensure that all relevant licences, permits and approvals are duly obtained, adequate, and renewed when necessary. We will also seek assistance from our legal advisers to obtain regular updates on legal and regulatory requirements for the Group in the future. The abovementioned measures have been implemented in May 2017.
3.	JC Dining had supplied liquor at Greyhound (PG) during the period from its commencement of business on December 2016 to 9 March 2017 without a liquor licence.	The omission was due to the inadvertent oversight by an employee responsible for the general licensing of the Group that the requisite liquor licence had not been duly obtained before the commencement of operations of the restaurant.	Under Section 4 of the LCA, a person which supplies any liquor without a liquor licence shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$20,000. Under Section 32 of the LCA, where an offence under the LCA committed by a body corporate is proved: (a) to have been committed with the consent or connivance of an officer; or (b) to be attributable to any act or default on the officer's part, the officer as well as the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly.	JC Dining had obtained a Class 1A liquor licence on 9 March 2017, for a licence period from 7 March 2017 to 6 March 2018. Our Singapore Legal Advisers are of the view that, on the basis that the appropriate liquor licence has been obtained, the risk of prosecution against JC Dining, its directors and/or officers for such non-compliance is remote.	We have assigned our accounts manager and the respective restaurants' branch manager to supervise and monitor all licences, permits and approvals required for the business operation of the Group. The account manager will coordinate with the relevant authorities and ensure that all relevant licences, permits and approvals are duly obtained, adequate, and renewed when necessary. We will also seek assistance from our legal advisers to obtain regular updates on legal and regulatory compliance requirements for the Group in the future. The abovementioned measures have been implemented in May 2017.

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Particulars of No. non-compliance	Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
4. NEA issued JC Dining a letter dated 20 March 2018 which claimed that an employee had handled food with bare hands. The incident was identified through ad-hoc inspection by NEA.	The non-compliance incident was due to the inadvertent omission by an employee, who is a food handler, in adhering to adequate food safety practices as set out by the Group at the relevant time.	Pursuant to Regulation 23(1)(a) EPHR, the offending food handler is liable for composition fine of S\$400 and JC Dining is imposed with 6 demerit points. Food establishments which accumulate 12 or more demerit points within any 12-month period is liable to have its licence to operate suspended for a certain period of time or revoked, depending on past suspension records.	As advised by our Singapore Legal Advisers, the 6 demerit points shall remain with JC Dining until 8 December 2018.	Our Group has enhanced the internal training on proper handling of food to all kitchen staff. Our general manager and operations manager will perform internal spot checks on a weekly basis. Posters on kitchen hygiene and chillers handling are currently being displayed in the kitchen areas of all outlets to serve as reminders for all kitchen staff. The kitchen chef of each restaurant will provide on-the-job food handling training to other kitchen staff on an on-going basis.

As advised by our Singapore Legal Advisers, the likely penalty for the above non-compliance incidents (if substantiate) should be a fine and would not affect the renewal of the relevant foodshop licence and liquor licences. Therefore, our Directors are of the view that the aforesaid non-compliance incidents will not materially adversely affect the financial position and business operations of our Group.

Our Directors consider that given there were certain common expenses incurred in its dining operations for the sales of food and beverage, it is not appropriate to allocate those common expenses specifically to the sales of liquor during the non-compliance period. Therefore, the operating cash flows attributed to the non-compliance incidents in relation to the liquor licences were equivalent to their respective gross profits. To the best knowledge of our Directors, the estimated revenue and gross profit attributed to the non-compliance incidents in relation to the liquor licence for Bosses Co. amounted to approximately (i) S\$5,900 and S\$3,800 for the year ended 31 December 2015; (ii) S\$8,800 and S\$5,800 for the year ended 31 December 2016; and (iii) S\$13,600 and S\$2,500 for the year ended 31 December 2017, respectively. The estimated revenue and gross profit attributed to the non-compliance incidents in relation to the liquor licence for JC Dining amounted to approximately (i) S\$900 and S\$700 for the year ended 31 December 2016; and (ii) S\$3,400 and S\$2,600 for the year ended 31 December 2017, respectively.

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Malaysia

Particulars of non-compliance		Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
Nine bakery retail outlets operated under our “Bread Story” brand in Malaysia had commenced operation before they obtained the valid business licences issued by their respective regulatory authorities:		The non-compliance incidents were due to (i) the inadvertent oversight by our employees who are responsible in handling general licensing matters of Bread Story Co., who have failed to submit the requisite documents for the business licence application on time; and (ii) the prolonged procedural delay in vetting process on the part of the relevant authorities.	Bread Story Co. has failed to comply with the Licensing of Trades, Businesses and Industries (Federal Territory of Kuala Lumpur) By-Laws 1986 (“DBKL’s By-Laws”), the Licensing of Trades, Businesses and Industries (Subang Jaya Municipal Council) By-Laws 2007 (“MPSJ’s By-Laws”) and the Licensing of Trades, Businesses and Industries (Shah Alam City Council) By-Laws 2007 (“MPSA’s By-Laws”) in the respective territories where these bakery retail outlets operate without the valid business licence. For details, please refer to the section headed “Regulatory Overview” in this prospectus.	Our Group has obtained valid business licences for all of our self-operated bakery retail outlets as at the Latest Practicable Date. As advised by our Malaysia Legal Advisers, the risk of prosecution against Bread Story Co., its directors, and/or officers is remote on the basis that (i) our Group was able to obtain the business licences of the abovementioned bakery retail outlets despite the non-compliance incidents and; (ii) the practice of obtaining the business licence after the commencement of business operation in the food and beverage industry in Malaysia is not uncommon.	Our Group has adopted the following measures to prevent the re-occurrence of the non-compliance incidents and to ensure on-going compliance of the relevant by-laws:
Name of outlets	Non-compliance period				
Bread Story (IJN)	From 8 April 2015 to 27 April 2015				(i) we have assigned our head of operations to supervise and monitor all the required licences, permits and approvals for our Group artisanal bakery chain. Our head of operations will coordinate with the relevant authorities and ensure that all relevant licences, permits and approvals are duly obtained, adequate, and renewed when necessary;
Bread Story (SS)	From 9 March 2015 to 27 April 2015				(ii) we have prepared and circulated an operational manual to the employees who are responsible for handling the licensing matters; and when necessary, we will engage external licensing consultant or legal advisers to provide professional advice and regular updates on the legal and regulatory requirements applicable to our operations to ensure our compliance with the relevant statutory requirements in the future.
Bread Story (SP)	From 30 June 2015 to 30 August 2016				The abovementioned measures have been implemented in June 2017.
Bread Story (SV)	From 3 March 2017 to 22 March 2017				
Bread Story (MT)	From 29 March 2017 to 3 May 2017		A person who commits an offence under Section 2 of the DBKL’s By-Laws shall be liable on conviction to a fine not exceeding RM2,000. An additional daily fine of RM200 per day will be imposed during which the offence is continued after conviction.		
Bread Story (TM)	From 4 March 2015 to 10 May 2016				
Bread Story (SBP)	From 22 July 2016 to 14 September 2016				
Bread Story (IOI)	From 15 September 2016 to 28 November 2016		A person who commits an offence under Section 3 of the MPSJ’s By-Laws shall be liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 1 year or both. An additional daily fine of RM200 per day will be imposed during which the offence is continued after conviction.		
Bread Story (PSA)	From 15 July 2016 to 14 October 2016				

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Particulars of non-compliance	Reasons for non-compliance	Legal consequences and maximum potential liabilities	Rectification actions taken and status	Measures adopted by our Group to prevent re-occurrence of the non-compliance incident and ensure continuing compliance
		A person who commits an offence under Section 3 of the MPSA's By-Laws shall be liable on conviction to a fine not exceeding RM2,000 or imprisonment for a term not exceeding 1 year or both. An additional daily fine of RM200 for every day will be imposed during which the offence is continued after conviction.		

To the best of knowledge of the Company and our Directors, as at the Latest Practicable Date, Bread Story Co. has not received any warning or notice from the relevant regulatory authorities and is not aware of any potential prosecution action taken against Bread Story Co.

As advised by our Malaysia Legal Advisers, in the unlikely event that Bread Story Co. is prosecuted and convicted for the past breaches, the likely penalty will be a fine of not more than RM600 for each offence and the risk of imposing the sentence of imprisonment on its directors, and/or officers of Bread Story Co. is considered as remote. Therefore, our Directors are of the view that the aforesaid non-compliance incidents will not materially adversely affect the financial position and business operations and renewal of licences of the Group.

To the best knowledge of our Directors, the estimated revenue and net operating cashflow before general working capital generated from the abovementioned bakery retail outlets during the respective non-compliance period amounted to (i) approximately S\$98,400 and S\$9,000 for the year ended 31 December 2015; (ii) approximately S\$706,700 and S\$22,400 for the year ended 31 December 2016. Whereas, the estimated revenue and net operating cashflow before general working capital used in the abovementioned bakery retail outlets amounted to approximately S\$37,700 and S\$13,700 for the year ended 31 December 2017, respectively.

Views of our Directors and the Sponsor

Our Directors are of the view that the abovementioned non-compliance incidents would not affect the suitability of our executive Directors under Rules 5.01 and 5.02 of the GEM Listing Rules or the suitability of listing our Company under Rule 11.06 of the GEM Listing Rules and that the abovementioned internal control measures adopted by our Group are adequate and effective to avoid the reoccurrence of the non-compliance incidents in the future having taken into account that (i) our Group has designated our accounts manager and respective branch manager to keep track of the renewal of all the licences required for our dining operations in Singapore; our head of operations to keep track of the renewal of all the licences required for our Malaysia artisanal bakery chain; (ii) our Group has fully rectified all of the non-compliance incidents; (iii) there was no recurring of similar

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non-compliance incidents since the implementation of such measures; and (iv) the non-compliance incidents were unintentional, and did not raise any question as to the integrity of our executive Directors. Our Directors consider that the non-compliance events disclosed above will not have any material adverse impact on the operation or financial position or business of our Group.

Having considered that (i) the above mentioned non-compliance incidents are mainly due to inadvertent overlook of relevant staff, while our Directors were not involved in handling of these administrative matters; (ii) Black Society (VC) and Greyhound (PG) have been graded A by the NEA for their high food hygiene and housekeeping standards as at the Latest Practicable Date; (iii) all liquor licences for Black Society (VC) and Greyhound (PG) have been obtained as at the Latest Practicable Date; (iv) all business licences for our self-operated bakery retail outlets have been obtained or renewed; (v) the internal control measures have been enhanced to prevent re-occurrence of the non-compliance incident and ensure continuing compliance; and (vi) our Group will seek assistance from our legal advisers to obtain regular updates on legal and regulatory compliance requirements for our Group in the future, the Sponsor, concurs with the views of our Directors that the abovementioned non-compliance incidents would not affect the suitability of our Directors under Rule 5.01 and Rule 5.02 of the GEM Listing Rules and the suitability of our Company under Rule 11.06 of the GEM Listing Rules.

Controlling Shareholder's Indemnity

Subject to the terms and conditions in the Deed of Indemnity, our Controlling Shareholder, has undertaken to indemnify us in respect of any liabilities and penalties arising from the aforesaid non-compliance incidents, save for any amount which have been provided for in the prospectus. For further details of the Deed of Indemnity, please refer to the section headed “Statutory and General Information — G. Other information — 10. Taxation of holders of our Shares — (e) Indemnity” in Appendix IV to this prospectus.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are responsible for formulation and overseeing the implementation of the internal control measures and effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

We have adopted the following measures to ensure on-going compliance with all applicable laws and regulations after the Listing and to strengthen our internal control:

- (i) 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;

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- (ii) we have appointed Messis Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the GEM Listing Rules and all other applicable laws, rules, codes and guidelines;
- (iii) our Group has appointed Ms. Low as our compliance officer. The role of the compliance officer includes advising on and assisting our Board in implementing procedures to ensure that our Group complies with the GEM Listing Rules and other relevant laws and regulations applicable to our Group, and responding promptly and efficiently to all enquiries directed at him by the Stock Exchange;
- (iv) our Group has established an audit committee with written terms of reference in accordance with Appendix 15 to the GEM Listing Rules to review the internal control system and procedures for compliance with the requirements of the GEM Listing Rules, the Companies Ordinance and other applicable laws, rules and regulations;
- (v) our Group has appointed Mr. Tso Ping Cheong Brian as our company secretary to oversee the company secretarial matters of our Group; and
- (vi) our Company will, from time to time, appoint external legal advisers, where applicable, to advise us on compliance with and to provide us with updates on the changes in the GEM Listing Rules and the applicable laws, rules and regulations from time to time to see if any change is required to be made with our operation and internal control system.

With a view to strengthen the internal control procedures of our Group, we have engaged an independent business consulting and internal audit firm, which is a member firm of one of the largest international accounting firm (the “**Internal Control Consultant**”), to perform a review over selected areas of our internal controls over financial reporting (the “**Internal Control Review**”). The Internal Control Consultant had been engaged in numerous pre-IPO internal control reviews for companies listed on the Stock Exchange and the Singapore Stock Exchange. The management of the engagement team have more than 10 years of experience in internal control review. The selected areas of our internal control over financial reporting that were reviewed by the internal control consultant included entity level control, revenue, receivable and collection, procurement, accounts payable and payment, inventory management, human resources and payroll, fixed assets, cash and treasury management, financial reporting and disclosure control and tax management.

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The table below sets out the more significant findings and recommendations raised by the Internal Control Consultant in their Internal Control Review:

Major findings	Recommendations
<i>Store and kitchen operations</i>	
Procedures for handling of food should be established and documented.	- Management should review the existing food handling procedures for any lapses and ensure that procedures for proper handling of food are established and documented. The formalised procedures should be approved, periodically reviewed, updated if necessary and communicated to all relevant staff. - Management should ensure that the personnel responsible for food handling and preparation are adequately trained in the procedures. - The restaurant should also discourage customers from consumption of food past their expiry by affixing stickers stating the safe period for consumption of takeaway food on the food packaging.
<i>Food and beverages licensing management</i>	
Procedures to monitor compliance of licensing requirements should be established and documented.	The following procedures should be established and documented, and subsequently approved, periodically reviewed, updated if necessary, and communicated to the relevant staff: - To appoint an employee to review the existing licences of all outlets and ensure that they are the appropriate licences. - The employee in charge of licensing matters should also maintain the list of licences for any expiry and renewal and also any changes in licensing requirements. - To maintain a checklist of the necessary licences required for a new outlet to ensure that appropriate licences are applied timely.

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Based on the findings from the Internal Control Review and the recommendations from the Internal Control Consultant, our Group has adopted measures and policies to improve its internal control measures to prevent future non-compliance. The Internal Control Consultant performed follow-up reviews during May to July 2017 (the “**Follow-up Review**”). After the Follow-up Review, the Internal Control Consultant concluded that our Company has fully implemented the recommendations from the Internal Control Consultant.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

Directors

The table below presents certain information in respect of the members of our Board:

Name	Age	Current Position/ Title in our Group	Date of First Joining our Group	Date of Appointment as a Director	Roles and Responsibilities	Relationship with Directors and Senior Management
<i>Executive Directors</i>						
Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)	54	Executive Director; chairlady; chief executive officer	24 May 2002	22 May 2017	Corporate strategic planning and overall business development of our Group	Sister of Mr. Sean Low
Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)	42	Executive Director; general manager	1 January 2004	27 July 2017	Overseeing the overall marketing brand management and business development of our Group	Brother of Ms. Low
Mr. CHIU Ka Wai (趙家偉)	66	Executive Director; group executive chef (Singapore)	1 January 2006	27 July 2017	Overseeing and monitoring the operations of our restaurants in Singapore	Nil
<i>Non-executive Director</i>						
Mr. CAI Da (蔡達)	42	Non-executive Director	27 July 2017	27 July 2017	Advising on the corporate and business strategies of our Group	Nil
<i>Independent Non-executive Directors</i>						
Mr. LU King Seng (盧慶星)	48	Independent non-executive Director	4 April 2018	4 April 2018	Providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group	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	Relationship with Directors and Senior Management
Mr. LEE Alex Jao Jang (李朝昌)	39	Independent non-executive Director	4 April 2018	4 April 2018	Providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group	Nil
Mr. LIM Yeok Hua (林育華)	69	Independent non-executive Director	4 April 2018	4 April 2018	Providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group	Nil

Senior Management

The table below presents certain information in respect of the members of our senior management:

Name	Age	Current Position/Title in our Group	Date of First Joining our Group	Roles and Responsibilities	Relationship with Directors and Senior Management
Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)	54	Chief executive officer; executive Director; chairlady	24 May 2002	Corporate strategic planning and overall business development of our Group	Sister of Mr. Sean Low
Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)	42	general manager; executive Director	1 January 2004	Overseeing the overall marketing brand management and business development of our Group	Brother of Ms. Low
Mr. CHIU Ka Wai (趙家偉)	66	Group executive chef (Singapore); executive Director	1 January 2006	Overseeing and monitoring the operations of our restaurants in Singapore	Nil
Mr. Sergio VISCUSO	53	Executive chef (Malaysia)	13 August 2012	Overseeing and supervising the production operation of our Central Bakery and bakery retail outlets under our “Bread Story” brand in Malaysia	Nil
Mr. LIU Ji (劉驥)	39	Chief financial officer	1 January 2017	Overseeing the financial and accounting functions of our Group	Nil

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board of Directors is the primary decision-making body of our Company, and is responsible for setting fundamental business strategies, establishing policies for the management and operation of our business, and monitoring their implementation.

Our Board currently consists of seven Directors, which comprises of three executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)

Ms. Low, aged 54, was appointed as an executive Director on 22 May 2017 and the chairlady of the Board and chief executive officer on 27 July 2017. She was the founder of our Group and is primarily responsible for corporate strategic planning and overall business development of our Group. Ms. Low is the sister of Mr. Sean Low, our executive Director. Ms. Low is the Controlling Shareholder of our Company upon completion of the Share Offer.

Ms. Low has over 15 years of working experience in the food and beverage industry since she founded the Group in 2002. Prior to founding our Group, she was a flight stewardess at Singapore Airlines Limited and a buyer in a fashion retail company, F J Benjamin Fashions (Singapore) Pte. Ltd., where she was primarily responsible for planning and selecting products to sell for the company's various fashion brands. She was also a dealer at Lum Chang Securities Pte. Ltd. and Kim Eng Securities Pte. Ltd. in Singapore.

Ms. Low obtained a certificate in management from the Singapore Institute of Management in May 1993. Ms. Low was presented with the "Singapore Enterprise Award 2016" in recognition of the business excellence of our "Central Hong Kong Café" and "Black Society" restaurants.

Ms. Low was a director of Bread Story Distribution Sdn. Bhd., Bread Story Concept Marketing Sdn. Bhd. and Bread Story Concept, all of which were incorporated in Malaysia. The three companies were dissolved by the Companies Commission of Malaysia (but not by member's voluntary winding-up) on 27 May 2011, 27 May 2011 and 22 January 2018, respectively, pursuant to section 308(4) of the Companies Act 1965 under the laws of Malaysia as they were dormant and inactive. Ms. Low confirms that the three companies had been inactive and were solvent at the time of dissolution.

Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)

Mr. Sean Low, aged 42, was appointed as an executive Director and the general manager on 27 July 2017. He is primarily responsible for overseeing the overall marketing brand management and business development of our Group. Mr. Sean Low is the brother of Ms. Low, our executive Director, the chairlady of the Board and chief executive officer.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Sean Low has over six years of experience in the food and beverage industry. Mr. Sean Low has been the general manager (Greyhound Café) since December 2016, where he was primarily responsible for overseeing the advertising, marketing, office administration and operation of “Greyhound Café” restaurant in Singapore. From January 2011 to January 2013, Mr. Sean Low worked as the business development and IT manager at J W Central, where he was primarily responsible for advertising and marketing the company and overseeing the operations of the “Central Hong Kong Café” restaurants. Mr. Sean Low has been the director of his wholly-owned company, Loaves & Fishes Pte. Ltd. (principally engaged in media design, photography and advertising services) since its incorporation in September 2007. From January 2004 to October 2007, Mr. Sean Low worked as the business development manager at BSBJ, where he was primarily responsible for assisting with the expansion of the franchises and the general day-to-day business administration of the company.

Mr. Sean Low graduated from Temasek Polytechnic Singapore with a diploma in information technology in August 1998. Mr. Sean Low then obtained a bachelor’s degree in business and e-commerce from Monash University in Australia in September 2004 by distance learning.

Mr. Sean Low was a director of Bread Story Concept Marketing Sdn. Bhd. and Bread Story Concept, both of which were incorporated in Malaysia. The two companies were dissolved by the Companies Commission of Malaysia (but not by member’s voluntary winding-up) on 27 May 2011 and 22 January 2018, respectively, pursuant to section 308(4) of the Companies Act 1965 under the laws of Malaysia as they were dormant and inactive. Mr. Sean Low confirms that the two companies had been inactive and were solvent at the time of dissolution.

Mr. CHIU Ka Wai (趙家偉)

Mr. Chiu, aged 66, was appointed as an executive Director and the group executive chef (Singapore) on 27 July 2017. He is responsible for overseeing and monitoring the operations of our restaurants in Singapore.

Mr. Chiu has over 41 years of experience in the food and beverage industry. In January 2006, Mr. Chiu joined our Group as the master chef and was redesignated as the group executive chef in January 2017.

From March 1996 to March 2003, he was the owner of Wai Kee Hong Kong Kitchen (principally engaged in restaurant business) in Singapore. From December 1985 to January 2000, Mr. Chiu worked for the Regent Singapore, A Four Seasons Hotel with his last position as the assistant executive Chinese chef at the Summer Palace, where he was primarily responsible for menu design and staff management in the kitchen. From December 1981 to November 1985, he was a senior chef at the Chinese kitchen of Hotel Furama Intercontinental in Hong Kong. From September 1976 to February 1978, Mr. Chiu worked as a chef for Chinese Restaurant & Night Club Ltd. in Hong Kong (principally engaged in restaurant business). From October 1975 to March 1976, Mr. Chiu worked as a chef for Golden Capital Restaurant & Night Club in Hong Kong (principally engaged in restaurant business).

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. CAI Da (蔡達)

Mr. Cai, aged 42, was appointed as a non-executive Director on 27 July 2017. He is responsible for advising on the corporate and business strategies of our Group.

Mr. Cai has been the executive director of Silk Road Energy Services Group Limited (principally engaged in the provision of coal mining services, heat supply services and money lending services, trading of other mineral products and investment holding), a company listed on GEM of the Stock Exchange (Stock Code: 8250) since May 2013 and the chairman of the company since January 2015, where he is primarily responsible for overseeing the overall business development and management of the company. He has also been acting as the chairman of Zhengqi Capital, a company wholly-owned by himself (principally engaged in financial services business), where he is primarily responsible for overseeing the overall business development and management of the company since January 2014.

From February 2015 to May 2016, Mr. Cai was the executive director, chairman and chief executive officer of Chinese Energy Holdings Limited (principally engaged in the provision of management services and factoring services, money lending, investment in financial and investment products and general trading), a company listed on GEM of the Stock Exchange (Stock Code: 8009), where he was primarily responsible for overseeing the overall business development and management of the Company. From September 2011 to August 2014, Mr. Cai was an executive director of Hong Kong Life Sciences and Technologies Group Limited (principally engaged in the businesses of anti-aging stem cell technology, trading, money lending and securities investment), a company listed on GEM of the Stock Exchange (Stock Code: 8085), where he was primarily responsible for overseeing the overall business development and management of the Company.

Apart from the directorship Mr. Cai held in the above listed companies, he also had extensive working experience in various private companies from different business sectors in Hong Kong and PRC, including among others, mining and energy, real estate and tourism.

From September 2010 to March 2013 Mr. Cai was the chairman of Shenzhen City Baokuang Development Limited* (深圳市寶礦投資發展有限公司), a company principally invests in the mining sector in PRC. Mr. Cai also acted as the general manager of Shenzhen Jingjia Investment Development Company Limited* (深圳京嘉投資發展有限公司), a company principally engaged in the development of computer hardware and software technology and construction and design related business in PRC, from May 2006 to December 2011.

From January 2005 to November 2008, he was the general manager of Changde Jingjia Real Estate Development Company Limited* (常德京嘉置業發展有限公司) (principally engaged in real estate business).

DIRECTORS AND SENIOR MANAGEMENT

From February 2004 to July 2005, Mr. Cai worked as the general manager of Liaoning Xinmin Petroleum Chemical Industry Company Limited* (遼寧新民石油化工有限公司) (principally engaged in manufacturing of petroleum products). From September 2002 to February 2004, Mr. Cai was the general manager of Jia Hao (Lushan) Tourism Development Company Limited* (嘉浩(廬山)旅遊開發有限公司) (principally engaged in tourism business in PRC) and Jia Hao (Lushan) Hotspring Resort Company Limited* (嘉浩(廬山)溫泉渡假村有限公司) (principally engaged in resort business in PRC). From February 2002 to February 2004, Mr. Cai was the general manager of Lushan International Golf Club Company Limited* (廬山國際高爾夫球會有限公司) (principally engaged in golf club operation in PRC) and Jia Hao (Lushan) Real Estate Development Company Limited (嘉浩(廬山)地產開發有限公司) (principally engaged in real estate business in PRC).

Mr. Cai obtained his bachelor's degree in civil engineering from Hunan University of Science and Technology in the PRC in June 2002. Mr. Cai then obtained a master's degree in business administration from Bangor University in Wales, the United Kingdom in January 2016 by distance learning. In June 2017, Mr. Cai obtained a doctorate of business administration in Management by distance learning from the INSEEC Group in Paris, France, which is a programme jointly organised with the Research Institute of Tsinghua University in Shenzhen, PRC. Mr. Cai has also been the vice president of the Shenzhen General Chamber of Commerce since June 2012.

* For identification purposes only

Independent Non-executive Directors

Mr. LU King Seng (盧慶星)

Mr. Lu, aged 48, was appointed as an independent non-executive Director on 4 April 2018. He is responsible for providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group.

Mr. Lu has over 22 years of experience in the auditing and financial management industry. Mr. Lu has been and is currently acting as the chief executive officer of Orion Advisory Pte. Ltd. and Orion Business Advisory Pte. Ltd. (principally engaged in providing business management, consultancy and transaction advisory services) since July 2013 and July 2014, respectively where he is mainly responsible for managing the overall business operation and financial management of the companies on a day-to-day basis and making important corporate decisions. He has been and is currently an independent director of Geo Energy Resources Limited (Stock Code: RE4) (principally engaged in coal mining, coal trading and mining services business) and TLV Holdings Limited (Stock Code: 42L) (principally engaged in retail and wholesale jewellery business), both of which are listed on the Singapore Stock Exchange, since September 2012 and August 2015, respectively. From June 2014 to April 2016, he was an independent director of Green Build Technology Limited (Stock Code: Y06) (principally engaged in projects of green transformation for existing building and green lighting and the construction of utility tunnel), a company listed on the Singapore Stock Exchange.

DIRECTORS AND SENIOR MANAGEMENT

Prior to joining our Group, Mr. Lu worked as the chief financial officer at SinCo Technologies Pte. Ltd. (principally engaged in manufacturing rubber, plastic products and components) from January 2005 to March 2013 where he was primarily responsible for overseeing the financial and accounting function of the company. From November 2002 to December 2004, Mr. Lu worked as an audit manager for Deloitte & Touche LLP in Singapore. From July 2002 to October 2002, Mr. Lu worked for Ernst & Young in Singapore, with his last position as an audit manager. From June 2000 to June 2002, he worked for Arthur Andersen with his last position as a manager of the assurance and business advisory division. From March 1998 to December 1999, Mr. Lu worked as an audit supervisor for KPMG in Singapore. From April 1997 to February 1998, Mr. Lu worked as an audit senior for PricewaterhouseCoopers in Malaysia. From July 1995 to March 1997, Mr. Lu worked as an audit semi-senior for Rubin Winter & Co in London, United Kingdom (principally engaged in the provision of accounting and assurance services).

Mr. Lu has been a Chartered Certified Accountant with the Association of Chartered Certified Accountant since September 1999 and had obtained the Fellow Chartered and Certified Accountant status in September 2004. He has also been a member of the Institute of Certified Public Accountants of Singapore since May 2012. Mr. Lu is also a member of the Singapore Institute of Directors since April 2012.

Mr. LEE Alex Jao Jang (李朝昌)

Mr. Lee, aged 39, was appointed as an independent non-executive Director on 4 April 2018. He is responsible for providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group.

Mr. Lee has over 12 years of experience in the legal industry. Mr. Lee joined JunHe LLP since March 2014 and he is currently a partner of the firm specialising in the practice area of banking and finance, where he provides legal advice to major PRC and international banks and corporates in Hong Kong on their financial needs, ranging from syndicated loans, structured finance and debt placements, as well as on any restructurings and corporate finance needs. From November 2008 to December 2013, he worked as an associate director at the Hong Kong branch of the Australia and New Zealand Banking Group, where he was primarily responsible for advising on loan syndications and debt capital market transactions. From February 2005 to November 2007, Mr. Lee worked as an associate in the international capital markets department of Allen & Overy LLP in London, United Kingdom. From December 2000 to July 2001 and from February 2002 to January 2005, he worked for Allens Arthur Robinson in Sydney, Australia with his last position as a lawyer.

Mr. Lee obtained his bachelor's degree in commerce, majoring in finance and his bachelor's degree in law from the University of New South Wales, Australia in April 2000 and October 2001, respectively. Mr. Lee is a qualified solicitor in Hong Kong and New South Wales, Australia since April 2012 and December 2002, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. LIM Yeok Hua (林育華)

Mr. Lim, aged 69, was appointed as an independent non-executive Director on 4 April 2018. He is responsible for providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group.

Mr. Lim has over 31 years of experience in the auditing and financial management industry. Mr. Lim has been and is currently acting as the executive director of Radiant Management Services Pte. Ltd. in Singapore (principally engaged in the provision of management and consultancy services) since June 2006 where he is primarily responsible for overseeing the overall business operation and financial management of the company and developing and implementing business plans for the company. Mr. Lim is currently the independent director of two listed companies in Singapore, namely Alpha Energy Holdings Limited (Stock Code: 5TS) (principally engaged in exploration and production projects worldwide) and KORI Holdings Limited (Stock Code: 5VC) (principally engaged in building works) since August 2011 and November 2012, respectively. He also previously served as the independent director of three other listed companies in Singapore, namely CNMC Goldmine Holdings (Stock Code: 5TP) (principally engaged in gold mining) from September 2011 to April 2012, Tritech Group Limited (Stock Code: 5G9) (principally engaged in engineering products and services) from June 2008 to July 2017 and Manufacturing Integration Technology Ltd (Stock Code: M11) (principally engaged in the provision of integrated automated solutions to semiconductor industry) from November 1999 to April 2005 and from May 2006 to April 2015.

Prior to joining our Group, Mr. Lim worked as an independent consultant at Radiant Management Services Pte. Ltd. in Singapore (principally engaged in the provision of management and consultancy services) from April 2000 to June 2006. In March 1992, Mr. Lim established his own accounting firm, Lim Y H & Co., in Singapore, where he was the sole proprietor of the firm until March 2000. From March 1969 to March 1972, Mr. Lim worked at the tax evasion department of the Inland Revenue Authority of Singapore.

Mr. Lim has been an accredited tax advisor with the Singapore Institute of Accredited Tax Professionals since September 2010 and a member of the Institute of Singapore Chartered Accountants (formerly known as the Institute of Certified Public Accountants of Singapore) since November 2000. Mr. Lim has also been a member of the Singapore Institute of Directors since April 2000 and a fellow of the Association of Chartered Certified Accountants (formerly known as the Chartered Association of Certified Accountants) in the United Kingdom since March 1985.

SENIOR MANAGEMENT

Our senior management comprises the following personnel:

Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)

For the biographical details of Ms. Low, please refer to the paragraph headed “Board of directors — Executive Directors — Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)” in this section.

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Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)

For the biographical details of Mr. Sean Low, please refer to the paragraph headed “Board of directors — Executive Directors — Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) (劉耀雄)” in this section.

Mr. CHIU Ka Wai (趙家偉)

For the biographical details of Mr. Chiu, please refer to the paragraph headed “Board of directors — Executive Directors — Mr. CHIU Ka Wai (趙家偉)” in this section.

Mr. Sergio VISCUSO

Mr. Viscuso, aged 53, first joined our Group as the executive chef of Bread Story Co. from August 2012 to August 2014. He rejoined our Group in February 2016 and is currently the executive chef (Malaysia). He is primarily responsible for overseeing and supervising the production operations of our Central Bakery and bakery retail outlets under our “Bread Story” brand in Malaysia.

Mr. Viscuso has over seven years of experience in the food and beverage industry. Before Mr. Viscuso rejoined our Group, he worked as the International Sous Chef De Cuisine at the Singer’s Live House Sdn. Bhd. in Malaysia (principally engaged in restaurant business) from September 2014 until his resignation in October 2015, during which he was primarily responsible for the administrative and managerial duties of the company’s restaurants.

From June 2002 to March 2004, Mr. Viscuso worked as the general manager of White Dragon International Investment Limited in Hong Kong (principally engaged in restaurant business), where he was primarily responsible for the administrative duties of the company’s restaurants. From September 2001 to March 2002, Mr. Viscuso worked as a supervisor at Continental Forest Limited in Hong Kong (principally engaged in restaurant business), where he was primarily responsible for the day-to-day operation of the Company’s restaurants.

Mr. Viscuso participated in the International Food and Wine Gathering for the European Cuisine Comparison and obtained the title of European Green Collar Master Pastry Chef and Ice-cream in February 1986. Mr. Viscuso has also attended and participated in the Certified Halal Internal Auditor Training Programme organised by the International Institute for Halal Research and Training (INHART) International Islamic University Malaysia held in November 2013.

Mr. LIU Ji (劉驥)

Mr. Liu, aged 39, joined our Group in January 2017, and is currently our chief financial officer. He is primarily responsible for overseeing the financial and accounting functions of our Group.

Mr. Liu has over 14 years of experience in financial advisory and consultancy services. He has been an independent non-executive director of Zheng Li Holdings Limited (principally engaged in the provision of automotive services), a company listed on GEM of the Stock Exchange (Stock Code: 8283) and CW Group Holdings Limited (principally engaged in the provision of precision engineering

DIRECTORS AND SENIOR MANAGEMENT

solutions), a company listed on the Main Board of the Stock Exchange (Stock Code: 1322), since October 2016 and July 2017, respectively. Prior to joining our Group, Mr. Liu worked as the senior executive director and head of corporate advisory services at Ellis Botsworth Advisory Pte. Ltd. (principally engaged in providing financial advisory and consultation services) from September 2011 to October 2016, where he was primarily responsible for corporate advisory, fund raising and provision of other capital market solutions to private and public companies in the PRC and Southeast Asia region. From May 2003 to September 2011, Mr. Liu worked at Deloitte & Touche LLP, with his last position as an audit manager, where he was primarily responsible for providing audit, financial reporting and internal control review related assurance services.

Mr. Liu obtained a bachelor of science in applied accounting from Oxford Brookes University in association with The Association of Chartered Certified Accountants in 2003. Mr. Liu has been qualified as a Chartered Accountant of Singapore and admitted as a member of the Institute of Singapore Chartered Accountants since February 2016.

COMPANY SECRETARY

Pursuant to Rule 5.14 and Rule 11.07(2) of the GEM Listing Rules, the secretary of our Company must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary. The Stock Exchange considers (a) an ordinary member of The Hong Kong Institute of Company Secretaries, (b) a solicitor or barrister as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong) or (c) a certified public accountant as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) as acceptable academic or professional qualifications.

We have appointed Mr. TSO Ping Cheong Brian (曹炳昌) who satisfies the qualification requirements under Rules 5.14 and 11.07(2) of the GEM Listing Rules, as our company secretary.

Mr. TSO Ping Cheong Brian (曹炳昌)

Mr. Tso, aged 38, was appointed as our company secretary on 27 July 2017. He is the sole proprietor of Teton CPA Company, an accounting firm in Hong Kong. Mr. Tso has over 14 years of experience in corporate services and has extensive experience in servicing listed and private companies from Hong Kong, PRC and overseas in company secretarial, corporate advisory, corporate administration and internal audit services. Mr. Tso has been serving as an independent non-executive director of a number of companies listed on the Stock Exchange, namely Larry Jewelry International Company Limited (Stock Code: 8351) since October 2014, Newtree Group Holdings Limited (Stock Code: 1323) since February 2015, Guru Online (Holdings) Limited (Stock Code: 8121) since May 2015. He has also been appointed as a joint company secretary of China Yu Tian Holdings Limited with effect from 1 January 2014, the shares of which were initially listed on GEM of the Stock Exchange (stock code: 8230) on 29 December 2015 and the company secretary of China Infrastructure Investment Limited (Stock Code: 600), a company listed on the Main Board of the Stock Exchange since March 2015 and Fineland Real Estate Services Group Limited (Stock Code: 8376), a company listed on GEM of the Stock Exchange since November 2017, respectively. He served as an independent

DIRECTORS AND SENIOR MANAGEMENT

non-executive director of GreaterChina Professional Services Limited (Stock Code: 8193) from July 2014 to January 2018, and a non-executive director of Kong Shum Union Property Management (Holding) Limited (Stock Code: 8181) from July 2014 to February 2015, both of which are companies listed on GEM of the Stock Exchange.

From May 2010 to August 2012, Mr. Tso was the senior vice president of Maxdo Project Management Co. Ltd., where he was primarily responsible for the execution and integration of merger and acquisition transactions and the investor relations and business development of the company's natural resources portfolio. From December 2008 to May 2010, he was the financial controller of Greenheart Group Limited (formerly known as Omnicorp Limited) which is listed on the Main Board of the Stock Exchange (Stock Code: 0094). From September 2003 to October 2008, Mr. Tso worked at Ernst & Young with his last position as manager.

Mr. Tso has been a member of the Hong Kong Institute of Certified Public Accountants since September 2008, a fellow of the Hong Kong Institute of Certified Public Accountants since October 2015, a member of the Association of Chartered Certified Accountants since October 2006, a fellow of the Association of Chartered Certified Accountants since October 2011, an associate of The Hong Kong Institute of Chartered Secretaries since January 2014, a fellow of The Hong Kong Institute of Chartered Secretaries since November 2015, an associate of The Institute of Chartered Secretaries and Administrators since January 2014 and a fellow of The Institute of Chartered Secretaries and Administrators since November 2015.

Mr. Tso obtained his bachelor's degree in accountancy in November 2003 and master's degree in corporate governance in October 2013, both from the Hong Kong Polytechnic University.

COMPLIANCE OFFICER

Compliance Officer

Ms. Low, an executive Director of our Company, is also the compliance officer of our Company.

CORPORATE GOVERNANCE

Our Company complies or intends to comply with the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules with the exception for Code A.2.1, which requires the roles of chairman and chief executive be different individuals.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. Low, holds both positions. Ms. Low has been primarily responsible for overseeing the general management and business development of our Group and for formulating business strategies and policies for our business management and operations since she founded our Group in 2002. Taking into account the continuation of management and the implementation of our business strategies, our Directors (including our independent non-executive Directors) consider that it is the most suitable for Ms. Low to hold both the positions of chief executive officer and the chairlady of the Board and the existing arrangements are beneficial and in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Board delegates certain responsibilities to our audit committee, remuneration committee and nomination committee. In accordance with the GEM Listing Rules, our Articles of Association and the relevant laws and regulations in Hong Kong and the Cayman Islands, we have formed the following committees:

Audit Committee

We have established an audit committee in compliance with Rule 5.28 of the GEM Listing Rules on 4 April 2018. Our Audit Committee consists of three members, namely Mr. LU King Seng (盧慶星) (chairman), Mr. LEE Alex Jao Jang (李朝昌) and Mr. LIM Yeok Hua (林育華). The primary duties of our Audit Committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We established our Remuneration Committee in compliance with Rule 5.34 of the GEM Listing Rules on 4 April 2018. Our Remuneration Committee consists of three members, namely Mr. LIM Yeok Hua (林育華) (chairman), Mr. LEE Alex Jao Jang (李朝昌) and Ms. Low. The primary duties of our Remuneration Committee are to evaluate the performance of our Directors and senior management and determine the remuneration package of our Directors and members of our senior management.

Nomination Committee

We established our Nomination Committee in compliance with the Corporate Governance Code on 4 April 2018. Our Nomination Committee consists of three members, namely Ms. Low (chairlady), Mr. LEE Alex Jao Jang (李朝昌) and Mr. LIM Yeok Hua (林育華). The primary duties of our Nomination Committee are to make recommendations to our Board on the appointment of our Directors and members of our senior management.

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.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTOR AND SENIOR MANAGEMENT'S REMUNERATION

Our Directors and members of our senior management receive compensation in the form of salaries, allowances, bonuses and other benefits-in-kind, including our contribution to the pension scheme. Our Remuneration Committee determines the salaries of our Directors and members of our senior management based on their qualifications, positions and seniority.

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to pension schemes) received by our Directors for each of the financial years ended 31 December 2015, 2016 and 2017 were approximately S\$175,000, S\$190,000 and S\$270,000, respectively.

The aggregate amount of remuneration (including salaries, allowances, discretionary bonuses, other benefits and contributions to pension schemes) received by our five highest paid individuals for each of the financial years ended 31 December 2015, 2016 and 2017 were approximately S\$284,000, S\$320,000 and S\$513,000, respectively.

It is estimated that an aggregate amount of remuneration equivalent to approximately S\$412,000 will be paid and granted to our Directors by us for the year ending 31 December 2018 under arrangements in force on the date of this prospectus.

Save as disclosed in this prospectus, (i) no remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group; (ii) no compensation was paid to, or receivable by, our Directors or past Directors or the five highest paid individuals during the Track Record Period for the loss of office as 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; and (iii) none of our Directors waived any emoluments during the same period.

Except as disclosed in this prospectus, no Director has been paid in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a Director, or otherwise for service rendered by him in connection with the promotion or formation of us.

COMPLIANCE ADVISER

We have appointed Messis Capital Limited 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;

DIRECTORS AND SENIOR MANAGEMENT

- 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

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Offer but without taking into account of any Shares which may be issued pursuant to the exercise of any option that may be granted under Share Option Scheme, the following persons will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, 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 and therefore regarded as substantial shareholders of our Company under the GEM Listing Rules:

Name of shareholder	Capacity/ Nature of interest	As at the date of this prospectus		Immediately following the completion of the Share Offer	
		Number of Shares held	Approximate percentage	Number of Shares held ¹	Approximate percentage
Ms. Low ²	Beneficial interest	294,500,000	76.0%	282,000,000	56.4%
Zhengqi Capital ³	Beneficial interest	93,000,000	24.0%	93,000,000	18.6%
Mr. Cai ³	Controlled corporation	93,000,000	24.0%	93,000,000	18.6%
Ms. Fan Li ⁴	Interest of spouse	93,000,000	24.0%	93,000,000	18.6%

Notes:

1. All the above Shares are held in long position.
2. Ms. Low is an executive Director, the chairlady of the Board and the chief executive officer of our Company.
3. Zhengqi Capital is held as to 100% by Mr. Cai, who is a non-executive Director, and therefore Mr. Cai is deemed to be interested in the 93,000,000 Shares held by Zhengqi Capital, pursuant to the SFO.
4. Ms. Fan Li is the spouse of Mr. Cai, and therefore she is deemed to be interested in the 93,000,000 Shares held by Mr. Cai, through his controlled corporation, Zhengqi Capital, pursuant to the SFO.

Save as disclosed in this prospectus, our Directors are not aware of any persons who will, immediately following completion of the Share Offer but without taking into account the Shares to be issued pursuant to the exercise of any option that may be granted under Share Option Scheme, have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company 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 in the general meetings of our Company. 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 SHAREHOLDER

OVERVIEW

Immediately upon completion of the Share Offer (but without taking into account any Offer Shares which may be allotted and issued pursuant to the exercise of any option that may be granted under the Share Option Scheme), Ms. Low will be interested in approximately 56.4% of our total number of issued Shares. Ms. Low will continue to control more than 30% of our issued share capital and therefore, Ms. Low will be regarded as the Controlling Shareholder of our Company under the GEM Listing Rules.

Our Controlling Shareholder, Substantial Shareholder and our Directors, including our independent non-executive Directors, have confirmed that each of them does not have and none of his/her respective close associates has interests in any business other than our business, which competes or is likely to compete, either directly or indirectly, with our business and would require disclosure under Rule 11.04 of the GEM Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

Our Directors are satisfied that our Group can function, operate and carry on our business, and is financially and operationally, independent of our Controlling Shareholder and her close associates based on the following reasons:

Management independence

Our Company has a Board and members of senior management that function independently from our Controlling Shareholder and her close associates. Our Directors believe that our Board, as a whole, together with our senior management, are able to manage our business independently from our Controlling Shareholder for the following reasons:

- (i) with three independent non-executive Directors out of a total of seven Directors in our Board, there will be a sufficiently robust and independent voice within our Board to protect the interests of our independent Shareholders;
- (ii) each of our Directors is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his personal interests to affect the performance of his/her duties as a Director;
- (iii) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or his/her close associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions.

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

Operational independence

Our Company makes business decisions independently. On the basis of the following reasons, our Directors consider that our Company will continue to be operationally independent of our Controlling Shareholder and her close associates:

- (i) we have established our own organisational structure made up of functional departments, each with specific areas of responsibility;
- (ii) our Company is not reliant on trademarks owned by our Controlling Shareholder, or other companies controlled by our Controlling Shareholder;
- (iii) our Group is the holder of all relevant licences material to the operation of our business;
- (iv) our Company has established a set of internal control procedures to facilitate the effective operation of our business.

Based on the above-mentioned arrangements, our Directors are of the view that our Company will be able to operate independently of our Controlling Shareholder and her close associates.

Financial independence

Our Directors are of the view that our Group will be financially independent of our Controlling Shareholder and any of her close associates upon Listing. We have our own internal control and independent accounting systems, accounting and finance department. All loans, advances and balances due to and from our Controlling Shareholder and her close associates (e.g., the shareholder loan) had been fully settled as at the Latest Practicable Date and that all guarantees provided by our Controlling Shareholder and her close associates to our Group's borrowings will be fully released and replaced by corporate guarantees to be provided by our Company upon Listing. We believe that we are capable of obtaining financing from third parties without reliance on our Controlling Shareholder on market terms and conditions for our business operations as and when required.

DEED OF NON-COMPETITION

In order to avoid potential conflicts of interests between our Controlling Shareholder and our Company, our Controlling Shareholder has entered into a Deed of Non-competition in favour of our Group on 4 April 2018, pursuant to which she unconditionally and irrevocably agrees, undertakes to and covenants with our Company (for herself and for the benefits of each other member of our Group) that she would not, and would procure that her close associates (other than any members of our Group) would not, directly or indirectly, either on her own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee or otherwise, and whether for profit, reward or otherwise) any activity or business which competes or is likely to compete, directly or indirectly, with the business operated by our Group as described in this

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

prospectus and any other business from time to time conducted, carried on or contemplated to be carried on by any member of our Group or in which any member of our Group is engaged or has invested or which any member of our Group has otherwise publicly announced its intention to enter into, engage in or invest in (whether as principal or agent and whether undertaken directly or through any body corporate, partnership, joint venture, or other contractual or other arrangement) (the “**Restricted Business**”).

Our Controlling Shareholder has further unconditionally and irrevocably agreed, undertaken to and covenanted with our Company to procure that any business investment or other commercial opportunity which directly or indirectly competes, or may lead to competition with the Restricted Business (the “**New Opportunities**”) given, identified or offered to her and/or any of her close associates (other than any members of our Group) (the “**Offeror**”) is first referred to us in the following manner:

- our Controlling Shareholder is required to, and shall procure her close associates (other than members of our Group) to, refer, or to procure the referral of, the New Opportunities to us, and shall give written notice to us of any New Opportunities containing all information reasonably necessary for us to consider whether (a) such New Opportunities would constitute competition with our core business, and (b) it is in the interest of our Group to pursue such New Opportunities, including but not limited to the nature of the New Opportunities and the details of the investment or acquisition costs (the “**Offer Notice**”); and
- the Offeror will be entitled to pursue the New Opportunities only if (i) the Offeror has received a notice from us declining the New Opportunities and confirming that such New Opportunities would not constitute competition with our core business; or (ii) the Offeror has not received such notice from us within 10 business days from our receipt of the Offer Notice. If there is a material change in the terms and conditions of the New Opportunities pursued by the Offeror, the Offeror will refer the New Opportunities as so revised to us in the manner as set out above. Upon receipt of the Offer Notice, we shall seek opinions and decisions from our independent non-executive Directors who do not have a material interest in the matter as to whether (i) such New Opportunities would constitute competition with our core business, and (ii) it is in the interest of our Company and our Shareholders as a whole to pursue the New Opportunities.

In order to promote good corporate governance practices and to improve transparency, our Controlling Shareholder undertakes with our Company in the Deed of Non-competition the following:

- to provide all information requested by our Company which is necessary for an annual review by our independent non-executive Directors of her compliance with the Deed of Non-competition and the enforcement of the Deed of Non-competition;

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

- to procure our Company to disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition either through the annual report, or by way of announcements to the public; and
- to make an annual declaration on compliance with her undertaking under the Deed of Non-competition in the annual reports of our Company as our independent non-executive Directors think fit and/or as required by the relevant requirements under the GEM Listing Rules.

The aforesaid undertakings do not apply with respect to (i) the holding of or interests in the shares of any member of our Group, or (ii) the holding of or interests in shares of any company (other than members of our Group) whose shares are listed on the Stock Exchange or a stock exchange recognised by the Stock Exchange or the SFC provided that (a) the relevant Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated revenue or consolidated assets, as shown in that company's latest audited accounts, or (b) such holding of or interests in shares does not exceed 5% of the outstanding voting shares of the relevant company, provided that none of our Controlling Shareholder, or her close associates (other than members of our Group), whether acting singly or jointly, has any right to appoint a majority of the board of directors of such company and at any time there should exist at least another shareholder of such company (together, where appropriate, with her close associates) whose shareholdings in such company is more than the total number of shares held by our Controlling Shareholder in aggregate and/or her close associates in aggregate in such company.

The Deed of Non-competition will take effect upon Listing and will lapse automatically (in respect of the relevant party) if (i) the Shares cease to be listed on the Stock Exchange or any other stock exchange recognised by the Stock Exchange or the SFC, (ii) our Company becomes wholly-owned by our Controlling Shareholder and/or her close associates (whether individually or collectively), or (iii) our Controlling Shareholder ceases to be controlling shareholder (as defined in the GEM Listing Rules) of our Company.

CORPORATE GOVERNANCE MEASURES

Our Company will further adopt the following measures to manage the conflict of interests arising from the possible competing business of our Controlling Shareholder and to safeguard the interests of our independent Shareholders:

- (i) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested;
- (ii) our independent non-executive Directors will review, at least on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholder;

RELATIONSHIP WITH CONTROLLING SHAREHOLDER

- (iii) our Controlling Shareholder has undertaken to provide all information necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (iv) we will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition either through an annual report, or by way of announcement to the public;
- (v) our Controlling Shareholder will make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Company; and
- (vi) pursuant to the Corporate Governance Code set out in Appendix 15 of the GEM Listing Rules, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

SHARE CAPITAL

Authorised and Issued share capital

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Share Offer:

HK\$

Authorised share capital

10,000,000,000	Shares of HK\$0.01 each	100,000,000

Shares issued and to be issued, fully paid or credited as fully paid:

387,500,000	Shares in issue immediately before the Share Offer	3,875,000

100,000,000	Shares to be issued pursuant to the Placing	1,000,000

12,500,000	Shares to be issued pursuant to the Public Offer	<u>125,000</u>

Total shares issued and to be issued immediately following completion of the Share Offer:

500,000,000	Shares	5,000,000

Assumptions

This table assumes the Share Offer has become unconditional and the issue of Offer Shares pursuant thereto is made as described herein. It does not take into account of any Shares which may be allotted and issued or repurchased by our Company under the Issuing Mandate and Repurchase Mandate granted to our Board as referred to below or otherwise.

Ranking

The Offer Shares and the Shares that may be issued pursuant to exercise of any options that may be granted under the Share Option Scheme shall rank *pari passu* with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid thereafter.

GENERAL MANDATE TO ISSUE SHARES

Our Board has been granted with the Issuing Mandate to allot, issue and deal in an aggregate number of Shares that is no more than the sum of:

- (a) 20% of the total number of Shares issued by our Company immediately upon completion of the Share Offer (but prior to the exercise of any options that may be granted under the Share Option Scheme); and

SHARE CAPITAL

- (b) the aggregate number of Shares repurchased by our Company, if any, under the Repurchase Mandate referred to below.

The aggregate number of Shares which our Directors are authorised to allot and issue under the Issuing Mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; or (ii) any specific authority granted by our Shareholders in general meeting(s).

The Issuing Mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting unless by ordinary resolution at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable law or our Articles to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by a resolution of our Shareholders in a general meeting.

For further details of the Issuing Mandate, please see the paragraph headed "Statutory and General Information — A. Further information about our Company — 5. Resolutions in writing of our Shareholders passed on 4 April 2018" in Appendix IV to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Our Board has been granted with the Repurchase Mandate to exercise all the powers of our Company to repurchase an aggregate number of Shares that is no more than 10% of the total number of Shares issued by our Company immediately upon completion of the Share Offer (but prior to the exercise of any options that may be granted under the Share Option Scheme).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), subject to and in accordance with our Articles, all applicable laws and regulations, and the requirements of the GEM Listing Rules and any other stock exchange on which our securities may be listed, as amended from time to time. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the paragraph headed "Statutory and General Information — B. Repurchase of our Shares" in Appendix IV to this prospectus.

The Repurchase Mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting unless by ordinary resolution at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable law or our Articles to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by a resolution of our Shareholders in a general meeting.

SHARE CAPITAL

SHARE OPTION SCHEME

On 4 April 2018, we conditionally adopted the Share Option Scheme. Please refer to the paragraph headed “Statutory and General Information — F. Share Option Scheme” in Appendix IV to this prospectus for summaries of the principal terms of the Share Option Scheme.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the Articles. Accordingly, the Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law” in Appendix III to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our audited consolidated financial statements, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. Our Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs"). You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contains 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 information, you should refer to the section "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 food and beverage group that owns and operates award-winning restaurants in Singapore under different brands and owns one of the largest artisanal bakery chain in Malaysia. Our dining operations in Singapore are operating under two self-owned brands and one franchised brand. Our "Central Hong Kong Café" brand is primarily focused on offering a casual and authentic Cha Chaan Teng experience in a full service environment while our "Black Society" brand offers Chinese cuisines with a contemporary twist in a full service environment. The franchised "Greyhound Café" brand provides stylish and trendy ambience which serves a specialised Thai menu with creative twists. Our artisanal bakery chain in Malaysia offers a wide selection of artisan breads, cakes and pastries under the brand name "Bread Story". As at the Latest Practicable Date, we had a total of eight restaurants in Singapore (of which six operated under our "Central Hong Kong Café" brand, one operated under our "Black Society" brand and one operated under the franchised "Greyhound Café" brand) and 20 bakery retail outlets in Malaysia (of which 16 self-operated bakery retail outlets and four franchised bakery retail outlets operated under the "Bread Story" brand).

Our revenue for the years ended 31 December 2015, 2016 and 2017 was approximately S\$12.9 million, S\$15.4 million and S\$19.7 million, respectively, while our gross profit for the respective years was approximately S\$9.4 million and S\$11.5 million and S\$15.1 million, respectively. Revenue from our dining operations in Singapore contributed to approximately 66.4%, 69.0% and 74.2% of our revenue for the years ended 31 December 2015, 2016 and 2017, respectively. Revenue from our artisanal bakery chain contributed to approximately 33.6%, 31.0% and 25.8% of our revenue for the years ended 31 December 2015, 2016 and 2017, respectively. The growth in our revenue was primarily contributed by the expansion of our dining operations in Singapore through the opening of Central (WL) in November 2016 and Greyhound (PG) in December 2016.

FINANCIAL INFORMATION

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2017 and became the ultimate holding company of our Group on 11 August 2017 subsequent to our Reorganization in preparation for the Listing. See the section headed “History, Reorganisation and Corporate Structure — Reorganisation” in this prospectus for further information about the Reorganisation. The companies now comprising our Group were under the common control of our Controlling Shareholder, Ms. Low, before and after the Reorganisation. Accordingly, the financial information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the relevant periods.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for the relevant periods include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of our Controlling Shareholder. The consolidated statements of financial position of our Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of our subsidiaries using the existing book values from our Controlling Shareholder’s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

The financial information has been prepared in accordance with IFRSs (which comprise all standards and interpretations) approved by the International Accounting Standards Board. All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by our Group in the preparation of the financial information throughout the relevant periods.

The financial information has been prepared under the historical cost convention. The Financial Information is presented in Singapore dollars and all values in the tables are rounded to the nearest thousand (“S\$’000”), except when otherwise indicated.

FACTORS AFFECTING OUR FINANCIAL RESULTS

Our results of operations and financial performance have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in “Risk Factors” in this prospectus and those set out below.

FINANCIAL INFORMATION

Employee benefits expense

Employee benefits expense was the largest component of our operating expenses during the Track Record Period. Our employee benefits expense has a significant impact on our profitability and our Group's success, which, to a considerable extent, depends upon our ability to attract, motivate, train and retain our qualified employees, including restaurant floor and kitchen staff. As employee attrition levels tend to be higher in the food and beverage industry, we offer competitive remuneration packages, career development and promotion opportunities to our staff. For the years ended 31 December 2015, 2016 and 2017, our staff costs (including directors' and chief executive's remuneration) amounted to approximately S\$3.5 million, S\$3.9 million and S\$5.9 million, respectively, representing approximately 27.0%, 25.4% and 29.9% of our revenue for the respective periods.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our employee benefits expense on our profit before tax during the Track Record Period. The fluctuations are assumed to be 5% and 10% for the years ended 31 December 2015, 2016 and 2017, which correspond to the range of historical fluctuations of our employee benefits expense during the Track Record Period:

	S\$'000, except percentage			
	+ 5%	– 5%	+ 10%	– 10%
Changes in profit before income tax				
For the year ended 31 December 2015	(175)	175	(349)	349
For the year ended 31 December 2016	(196)	196	(392)	392
For the year ended 31 December 2017	(295)	295	(589)	589

Cost of inventories sold and consumed

Cost of inventories sold and consumed is a substantial component of our operating expenses and the food ingredient and beverage prices have a direct impact on our cost of inventories sold and consumed, which in turn affect our financial results. For the years ended 31 December 2015, 2016 and 2017, our cost of inventories was approximately S\$3.5 million, S\$3.9 million and S\$4.6 million, respectively, representing approximately 26.9%, 25.2% and 23.3% of our revenue for the respective periods. For details, please refer to the section headed “Business — Suppliers and ingredients — Purchase cost control” in this prospectus. Despite various initiatives we have undertaken, the price and supply of these ingredients are nonetheless subject to a number of factors that are beyond our control, including availability and demand as food ingredients and beverage are primarily determined at market prices in Singapore. Our cost of inventories as a percentage of revenue will continue to be a key performance indicator of the overall efficiency and profitability of our business operations.

FINANCIAL INFORMATION

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our cost of inventories sold and consumed on our profit before tax during the Track Record Period. The fluctuations are assumed to be 5% and 10% during the years ended 31 December 2015, 2016 and 2017, which correspond to the range of historical fluctuations of our cost of inventories sold and consumed during the Track Record Period.

	S\$'000, except percentage			
	+ 5%	− 5%	+ 10%	− 10%
Changes in profit before income tax				
For the year ended 31 December 2015	(174)	174	(347)	347
For the year ended 31 December 2016	(194)	194	(388)	388
For the year ended 31 December 2017	(230)	230	(460)	460

Rentals and related expenses

We operate all of our restaurants and bakery retail outlets on leased premises, and the changes in the level of rentals and related expenses will have a direct impact on our profitability. The costs of leasing and maintaining our restaurants, bakery retail outlets, Central Bakery and office premises are reflected in our rentals and related expenses. For the years ended 31 December 2015, 2016 and 2017, our rentals and related expenses amounted to S\$3.1 million, S\$3.6 million and S\$4.3 million, respectively, representing approximately 23.7%, 23.3% and 21.7% of our revenue for the respective periods, respectively.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our rentals and related expenses on our profit before tax during the Track Record Period. The fluctuations are assumed to be 5% and 10% for the years ended 31 December 2015, 2016 and 2017, which correspond to the range of historical fluctuations of our rentals and related expenses during the Track Record Period.

	S\$'000, except percentage			
	+ 5%	− 5%	+ 10%	− 10%
Changes in profit before income tax				
For the year ended 31 December 2015	(153)	153	(306)	306
For the year ended 31 December 2016	(179)	179	(359)	359
For the year ended 31 December 2017	(213)	213	(427)	427

Number of restaurants and bakery retail outlets in operation

Our revenue was substantially generated from food and beverage sales at our restaurants in Singapore and self-operated bakery retail outlets in Malaysia. Food and beverage sales are affected by the number of our restaurants and bakery retail outlets in operation, which in turn are affected by the openings and closures of our restaurants and bakery retail outlets.

FINANCIAL INFORMATION

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 restaurant operated under our “Black Society” brand	Number of restaurant operated under our “Central Hong Kong Café” brand	Number of restaurant operated under our franchised “Greyhound Café” brand	Total number of restaurants
As at 1 January 2015	1	4	—	5
Commencement of operation during the year	—	—	—	—
Closure during the year	—	—	—	—
As at 31 December 2015 and 1 January 2016	1	4	—	5
Commencement of operation during the year	—	2	1	3
Closure during the year	—	(1)	—	(1)
As at 31 December 2016 and 1 January 2017	1	5	1	7
Commencement of operation during the year	—	—	—	—
Closure during the year	—	—	—	—
As at 31 December 2017 and 1 January 2018	1	5	1	7
Commencement of operation during the period	—	1	—	1
Closure during the period	—	—	—	—
As at the Latest Practicable Date	<u>1</u>	<u>6</u>	<u>1</u>	<u>8</u>

FINANCIAL INFORMATION

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

	Number of self-operated bakery retail outlets	Number of franchised bakery retail outlets	Total number of bakery retail outlets
As at 1 January 2015	10	10	20
Commencement of operation during the year	4	—	4
Closure during the year	<u>(2)</u>	<u>(3)</u>	<u>(5)</u>
As at 31 December 2015 and 1 January 2016	12	7	19
Commencement of operation during the year	3	—	3
Closure during the year 2016	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>
As at 31 December 2016 and 1 January 2017	14	6	20
Commencement of operation during the year	4	—	4
Closure during the year	<u>(2)</u>	<u>(1)</u>	<u>(3)</u>
As at 31 December 2017 and 1 January 2018	16	5	21
Commencement of operation during the period	—	—	—
Closure during the period	<u>—</u>	<u>(1)</u>	<u>(1)</u>
As at the Latest Practicable Date	<u><u>16</u></u>	<u><u>4</u></u>	<u><u>20</u></u>

FINANCIAL INFORMATION

Comparable restaurant sales

Comparable restaurant sales for a given financial year/period refer to the revenue of all restaurants qualified as comparable restaurants during that year/period. We define comparable restaurants as restaurants that were operating throughout the year/period under comparison. The newly opened and closed restaurants are excluded under comparison. For example, the comparable restaurants for the years ended 31 December 2015, 2016 and 2017 are restaurants that were opened throughout the years ended 31 December 2015, 2016 and 2017. The comparable restaurants exclude (i) the newly opened restaurants which were not operating throughout the full period of each of the financial year/period; and (ii) the restaurants which had ceased operation during the financial year/period. The table below sets out the financial information of our comparable restaurants by brands over the Track Record Period:

	For the year ended 31 December		
	2015	2016	2017
Number of comparable restaurants			
“Black Society” restaurant	1	1	1
“Central Hong Kong Café” restaurants	<u>3</u>	<u>3</u>	<u>3</u>
Total number of comparable restaurants	<u><u>4⁽¹⁾</u></u>	<u><u>4⁽¹⁾</u></u>	<u><u>4⁽¹⁾</u></u>
Daily average number of customer visits per comparable restaurant^{(2), (8)}			
“Black Society” restaurant	255	257	250
“Central Hong Kong Café” restaurant	<u>363</u>	<u>374</u>	<u>318</u>
Overall daily average number of customer visits per comparable restaurant	<u><u>336</u></u>	<u><u>345</u></u>	<u><u>301</u></u>
Seat turnover rate of comparable restaurants^{(3), (8)}			
“Black Society” restaurant	1.1 times	1.1 times	1.1 times
“Central Hong Kong Café” restaurant	<u>4.1 times</u>	<u>4.1 times</u>	<u>3.5 times</u>
Overall average seat turnover rate of comparable restaurants	<u><u>3.4 times</u></u>	<u><u>3.3 times</u></u>	<u><u>2.9 times</u></u>

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	For the year ended 31 December		
	2015	2016	2017
	S\$	S\$	S\$
Average spending per customer per meal per comparable restaurant^{(4), (8)}			
“Black Society” restaurant	35.7	36.8	40.0
“Central Hong Kong Café” restaurant	<u>10.4</u>	<u>10.3</u>	<u>11.8</u>
Overall average spending per customer per meal per comparable restaurant	<u>15.2</u>	<u>15.3</u>	<u>17.6</u>
	S\$'000	S\$'000	S\$'000
Comparable restaurant sales			
“Black Society” restaurant	3,297	3,451	3,626
“Central Hong Kong Café” restaurants	<u>4,128</u>	<u>4,220</u>	<u>4,365</u>
Total comparable restaurant sales	<u>7,425</u>	<u>7,671</u>	<u>7,991</u>
	S\$'000	S\$'000	S\$'000
Daily average revenue per comparable restaurant⁽⁵⁾			
“Black Society” restaurant	9.1	9.5	10.0
“Central Hong Kong Café” restaurants	<u>3.8</u>	<u>3.9</u>	<u>4.0</u>
Overall daily average revenue per comparable restaurant	<u>5.1</u>	<u>5.3</u>	<u>5.5</u>
Operating margin of comparable restaurant⁽⁶⁾			
“Black Society” restaurant	8%	15%	12%
“Central Hong Kong Café” restaurants	<u>14%</u>	<u>15%</u>	<u>19%</u>
Overall operating margin of comparable restaurant	<u>11%</u>	<u>16%</u>	<u>16%</u>

Notes:

- (1) Comparable restaurants for the years ended 31 December 2015, 2016 and 2017, include Black Society (VC), Central (JP), Central (SV) and Central (VC).
- (2) Daily average number of customer visits is calculated by dividing the total number of customer visits by the number of operation days of the relevant comparable restaurant during that year.
- (3) Seat turnover rate is calculated by dividing the number of customer visits by the number of seats and the number of operation days of the relevant comparable restaurant during the year.

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- (4) Average spending per customer per meal is calculated by dividing the total revenue by the number of customer visits of the relevant comparable restaurant during the year.
- (5) Daily average revenue is calculated by dividing the total revenue by the number of operation days of the relevant comparable restaurant during that year.
- (6) Operating margin is calculated by dividing the operating profit for the year by revenue of the relevant comparable restaurant. Operating profit is defined as profit for the year before depreciation and amortisation expenses, finance costs, and income tax credit/expense.
- (7) The financial information of the comparable restaurants is based on the unaudited management accounts of our subsidiaries for each of the financial years under comparison.
- (8) Since May 2017, our Company has promoted food delivery services for events/functions for our dining operations in Singapore. Revenue from food delivery services for events/functions contributed to approximately S\$0.3 million, or 1.7% of our Group's total revenue for the year ended 31 December 2017. In order to provide more meaningful analysis, we have excluded the revenue and the number of customer visits from food delivery services for events/functions when calculating the daily average number of customer visits per comparable restaurant, the average spending per customer per meal per comparable restaurant and the seat turnover rate of comparable restaurants.

The overall average daily revenue per comparable restaurant increased by approximately S\$200 or 3.9% from approximately S\$5,100 for the year ended 31 December 2015 to S\$5,300 for the year ended 31 December 2016. The increase was primarily due to an increase in the total comparable restaurant sales by approximately S\$0.3 million from approximately S\$7.4 million for the year ended 31 December 2015 to S\$7.7 million for the year ended 31 December 2016, mainly attributable to the increase in overall daily average number of customer visits per comparable restaurant from 336 to 345, together with the effect of the increase in overall average spending per customer per meal of comparable restaurant from S\$15.2 for the year ended 31 December 2015 to S\$15.3 for the year ended 31 December 2016 as a result of the upgrade of festive season menu of “Black Society” restaurant in 2016. Our Group's operating margin of comparable restaurants increased from 11% for the year ended 31 December 2015 to 16% for the year ended 31 December 2016. The increase in overall operating margin of comparable restaurants was mainly due to the increase in total comparable restaurant sales with the effect of the decrease in cost of inventories sold and consumed, utility expenses and staff costs as a result of cost control measures implemented by the management in 2016, including (i) stock-piling strategies by bulk purchasing of certain food ingredients to be used during the festive season of Chinese New Year; (ii) implementation of energy-saving measures; and (iii) constantly monitor the performance of our restaurants as well as staff productivity in order to allocate manpower more efficiently across our dining operations in Singapore. For instance, certain food ingredients costs such as dried seafood would increase during the festive season due to higher market demand. Our Group would bulk purchase certain food ingredients with longer shelf life in advance to avoid price-hiking during the festive season, thus allowed us to control our food ingredient costs. In addition, we gradually replaced our kitchen equipment with energy-efficient equipment across our restaurants in Singapore, thus achieved energy saving and reduced utility expenses. We transferred our floor staff across our dining operations in Singapore based on the seat turnover rate of each restaurant, hence helped to reduce the average number of staff as well as staff costs.

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The overall average daily revenue per comparable restaurant increased slightly by approximately S\$200 or 3.7% from approximately S\$5,300 for the year ended 31 December 2016 to S\$5,500 for the year ended 31 December 2017. The increase was mainly contributable to the increase in total comparable restaurant sales by approximately S\$0.3 million from approximately S\$7.7 million for the year ended 31 December 2016 to S\$8.0 million for the year ended 31 December 2017, mainly attributable to the increase in the overall average spending per customer per meal of comparable restaurants from S\$15.3 for the year ended 31 December 2016 to S\$17.6 for the year ended 31 December 2017 as a result of (i) the upgrade of festive season menu of “Black Society” restaurant in 2017 and (ii) the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016. Our Directors consider that the decrease in the daily average number of customer visits per comparable restaurant from approximately 345 for the year ended 31 December 2016 to 301 for the year ended 31 December 2017 was not due to cannibalisation, given that (i) our “Central Hong Kong Café” restaurants opened in 2016, namely Central (RWS) and Central (WL) are located at Resorts World Sentosa and Wheelock Place, respectively, districts without presence of our “Central Hong Kong Café” restaurants before their opening; and (ii) the first franchised “Greyhound Café” restaurant opened in December 2016 offering Thai cuisine which differentiated from the menu offered by our “Black Society” brand and “Central Hong Kong Café” brand. Our Group’s operating margin of comparable restaurants remain stable at 16% for the years ended 31 December 2016 and 2017. It was mainly attributable to the continuous cost control measures implemented by the management in 2016, including (i) stock piling strategies by bulk purchasing certain food ingredients to be used during festive season of Chinese New Year; (ii) implementation of energy-saving measures; and (iii) constantly monitor the performance of our restaurants as well as staff productivity in order to allocate manpower more efficiently across our dining operations in Singapore. For the detailed analysis of operational performance of our dining operations in Singapore, please refer to the paragraph headed “Business — Operational performance of our dining operations in Singapore” in this prospectus.

Economic condition of Singapore and Malaysia

We generally targeted retail customers in the mass market. Our Directors anticipate that our revenue will continue to be primarily derived from this market segment in the foreseeable future. The spending power of our target customers is vulnerable to economic downturn and political and social instability. According to the Euromonitor Report, GDP in Singapore and Malaysia grew at a CAGR of approximately 3.4% and 6.2% from 2011 to 2016, respectively. However, there is no assurance that there will not have any unfavourable economic, political and social conditions may adversely affect the spending power of our target customers, and thus our results of operation and financial condition.

Competition

As a food and beverage group, we face intense competition within the food and beverage industry from a diverse group of restaurant chains, individual restaurant operators and artisanal bakery chain. While restaurants in Singapore serving similar cuisines and artisanal bakery chain in Malaysia which compete with us abound, we also compete with restaurants and artisanal bakery chain in different market segments to a lesser extent.

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According to the Euromonitor Report, Singapore's Asian FSRs market is fragmented and competition is intense with many players, with approximately 915 outlets in 2016. The majority of consumer foodservice operators are small to medium-sized enterprises. The leading operators in the Asian FSRs market often manage a large portfolio of chained and independent restaurants cutting across various price segments. The top five players accounted for approximately 38.5% of market share, in terms of revenue, in the Asian FSRs market in Singapore in 2016. Whereas the artisanal bakery industry in Malaysian is highly fragmented, with approximately 1,502 bakery retail outlets in 2016, judging by wide variety of bakery products. Products range from traditional to urban contemporary and include offerings from diverse cultures. The top five players accounted for approximately 8.5% of market share, in terms of revenue, in the artisanal bakery industry in Malaysia in 2016. We compete against other restaurants and artisanal bakery chain on an array of attributes such as taste of food, customer service, pricing, ambience and the overall dining experience. Some of our competitors may have larger customer bases, stronger brand reputation, longer operating histories, greater financial, marketing and other resources. If we are not able to compete against existing competitors and new market entrants effectively, our business and results of operations may be adversely affected.

CRITICAL ACCOUNTING POLICIES

Our Directors have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. The significant accounting policies which are important for an understanding of our financial condition and results of operation, are set forth in detail in note 3 to the Accountants' Report included in Appendix I to this prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as 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. We set forth below discussions to supplement the description on critical accounting policies, estimates and judgements adopted in the preparation of our financial statements.

Revenue recognition

We measure revenue at fair value of the consideration received or receivable and represents amounts receivable for our catering services and bakery products provided in the normal course of business. We recognise revenue (i) from our dining operations in Singapore when our catering services have been provided to our customers; (ii) from our artisanal bakery chain in Malaysia when our products have been sold to our customers; and (iii) from our franchisees in Malaysia when specific performance or service obligations are recognised as and when the obligations were performed.

Depreciation of property, plant and equipment

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each financial year/period end. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories is calculated on a first-in, first-out basis. Net realisable value is determined as estimated selling prices less any estimated costs to be incurred up to such sale. We estimate the net realisable value for inventories based primarily on the current market conditions and the historical experience of selling products of a similar nature.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Revenue	12,906	15,400	19,688
Cost of inventories sold and consumed	(3,473)	(3,883)	(4,597)
Gross profit	9,433	11,517	15,091
Other income and gains, net	376	234	142
Employee benefits expense	(3,491)	(3,916)	(5,893)
Depreciation of property, plant and equipment	(612)	(718)	(977)
Amortisation of an intangible asset	—	(4)	(49)
Rentals and related expenses	(3,059)	(3,585)	(4,267)
Utility expenses	(610)	(599)	(764)
Marketing and advertising expenses	(68)	(66)	(74)
Other expenses	(934)	(1,060)	(4,911)
Finance costs	(96)	(159)	(218)
PROFIT/(LOSS) BEFORE TAX	939	1,644	(1,920)
Income tax expense	(202)	(276)	(342)
PROFIT/(LOSS) FOR THE YEAR	737	1,368	(2,262)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(62)	(14)	14
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(62)	(14)	14
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	675	1,354	(2,248)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
-Basic and diluted	N/A	N/A	N/A

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PRINCIPAL CONSOLIDATED STATEMENTS OF PROFIT OR LOSS COMPONENTS

Revenue

We generate our revenue from the operation and management of our dining operations in Singapore and artisanal bakery chain in Malaysia, which were recognised net of discounts, during the Track Record Period. Revenue from our dining operations was generated from sales of food and beverages at our restaurants in Singapore under two self-owned brands, “Central Hong Kong Café” and “Black Society”, and one franchised brand, “Greyhound Café”. Revenue from our artisanal bakery chain in Malaysia was generated from (i) sale of bakery products at our self-operated bakery retail outlets in Malaysia under our “Bread Story” brand; (ii) franchise and royalty fee income from our Bread Story Franchisees; and (iii) sales of bakery products, ingredient and consumables to our Bread Story Franchisees.

The following table sets forth a breakdown of our revenue by segment and by brand during the Track Record Period:

	Year ended 31 December								
	2015			2016			2017		
	Revenue	Contribution	Number of	Revenue	Contribution	Number of	Revenue	Contribution	Number of
	<i>S\$'000</i>	%	restaurants/ bakery retail outlets ⁽²⁾	<i>S\$'000</i>	%	restaurants/ bakery retail outlets ⁽²⁾	<i>S\$'000</i>	%	restaurants/ bakery retail outlets ⁽²⁾
Dining operations in Singapore									
Self-owned brand									
- Central Hong Kong Café	5,275	40.9	4	6,847	44.5	5	7,857	39.9	5
- Black Society	3,297	25.5	1	3,451	22.4	1	3,626	18.4	1
Franchised brand									
- Greyhound Café ¹	—	—	—	328	2.1	1	3,125	15.9	1
Sub-total	<u>8,572</u>	<u>66.4</u>	<u>5</u>	<u>10,626</u>	<u>69.0</u>	<u>7</u>	<u>14,608</u>	<u>74.2</u>	<u>7</u>
Artisanal bakery chain in Malaysia									
- Bread Story ⁽³⁾	<u>4,334</u>	<u>33.6</u>	<u>19</u>	<u>4,774</u>	<u>31.0</u>	<u>20</u>	<u>5,080</u>	<u>25.8</u>	<u>21</u>
Total	<u>12,906</u>	<u>100</u>	<u>24</u>	<u>15,400</u>	<u>100</u>	<u>27</u>	<u>19,688</u>	<u>100</u>	<u>28</u>

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016.
2. The number of restaurant or bakery retail outlets as at 31 December 2015, 2016 and 2017, respectively.
3. “Bread Story” is our self-owned brand. Under our “Bread Story” brand, we have self-operated bakery retail outlets operated by our Group and franchised bakery retail outlets operated by Bread Story Franchisees.

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Dining operations in Singapore

Our revenue from dining operations amounted to approximately S\$8.6 million, S\$10.6 million and S\$14.6 million for the years ended 31 December 2015, 2016 and 2017, respectively, which represent approximately 66.4%, 69.0% and 74.2% of our total revenue for the same period, respectively. As it is our strategy to further expand our dining operations in Singapore, we expect our revenue generated from dining operations will continue to account for a substantial portion of our total revenue.

Artisanal bakery chain in Malaysia

Our revenue from artisanal bakery chain amounted to approximately S\$4.3 million, S\$4.8 million and S\$5.1 million for the years ended 31 December 2015, 2016 and 2017, respectively, which represent approximately 33.6%, 31.0% and 25.8% of our total revenue for the same period, respectively.

The following table sets forth a breakdown of revenue generated from (i) our self-operated bakery retail outlets and (ii) Bread Story Franchisees during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Self-operated bakery retail outlets ^(Note)	4,197	4,571	4,626
Bread Story Franchisees			
- Franchise and royalty fee income	63	125	73
- Sales of bakery products, ingredients and consumables	74	78	381
Total	<u>4,334</u>	<u>4,774</u>	<u>5,080</u>

Note: Included sales to corporate customers directly from Central Bakery of approximately S\$1,000, S\$47,000 and S\$97,000 for the years ended 31 December 2015, 2016 and 2017, respectively.

Cost of inventories sold and consumed

Our cost of inventories sold and consumed primarily consists of the cost of all the food ingredients and beverages used in our dining operations in Singapore and bakery ingredients used in our artisanal bakery chain in Malaysia. The principal food ingredients and beverage items used in our restaurant operations are fresh meat, fresh vegetable, seafood, dried goods and other supplies, such as beverages and seasonings. Whereas principal bakery ingredients used in artisanal bakery chain are flour, eggs, cheese and sugar. Cost of inventories sold and consumed was the second largest component of our operating expenses during the Track Record Period. For the years ended 31 December 2015, 2016 and 2017, our cost of inventories sold and consumed amounted to approximately S\$3.5 million, S\$3.9 million and S\$4.6 million, respectively, representing approximately 26.9%, 25.2% and 23.3% of our revenue for the same period, respectively.

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The following table sets forth the breakdown of our cost of inventories sold and consumed by segment and by nature during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	<i>Cost of</i>		<i>Cost of</i>		<i>Cost of</i>	
	<i>inventories</i>		<i>inventories</i>		<i>inventories</i>	
	<i>sold and</i>		<i>sold and</i>		<i>sold and</i>	
	<i>consumed</i>	<i>contribution</i>	<i>consumed</i>	<i>contribution</i>	<i>consumed</i>	<i>contribution</i>
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Dining operations in Singapore						
- Food and beverage	2,093	60.3	2,344	60.4	2,896	63.0
Artisanal bakery chain in Malaysia						
- Food ingredients	1,173	33.8	1,278	32.9	1,412	30.7
- Beverage	50	1.4	59	1.5	68	1.5
- Packaging material	157	4.5	202	5.2	221	4.8
Subtotal	1,380	39.7	1,539	39.6	1,701	37.0
Total	3,473	100	3,883	100	4,597	100

Gross profit and gross profit margin

Our gross profit was approximately S\$9.4 million, S\$11.5 million and S\$15.1 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing gross profit margin of approximately 73.1%, 74.8% and 76.7% for the same period, respectively.

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The following table sets forth the breakdown of our gross profit and gross profit margin by segment and by brands during the Track Record Period:

	Year ended 31 December					
	2015		2016		2017	
	Gross	Gross	Gross	Gross	Gross	Gross
	profit	profit	profit	profit	profit	profit
	margin	margin	margin	margin	margin	margin
	\$S'000	%	\$S'000	%	\$S'000	%
Dining operations in Singapore						
- Central Hong Kong Café	3,993	75.7	5,348	78.1	6,322	80.5
- Black Society	2,486	75.4	2,670	77.4	2,833	78.1
- Greyhound Café ¹	—	—	264	80.5	2,557	81.8
Sub-total	6,479	75.6	8,282	77.9	11,712	80.2
Artisanal bakery chain in Malaysia						
- Bread Story						
Self-operated bakery retail outlets	2,857	68.1	3,071	67.2	3,108	67.2
Bread Story Franchisees	97	71.0	164	81.2	271	59.8
Sub-total	2,954	68.2	3,235	67.8	3,379	66.5
Total	9,433	73.1	11,517	74.8	15,091	76.7

Note:

1. The franchised “Greyhound Café” restaurant has only been in operation since December 2016.

Dining operations in Singapore

Our gross profit from dining operations in Singapore was approximately S\$6.5 million, S\$8.3 million and S\$11.7 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing gross profit margin of approximately 75.6%, 77.9% and 80.2% for the same period, respectively.

Artisanal bakery chain in Malaysia

Our gross profit from artisanal bakery chain in Malaysia was approximately S\$3.0 million, S\$3.2 million and S\$3.4 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing gross profit margin of approximately 68.2%, 67.8% and 66.5% for the same period, respectively.

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Our gross profit margin from our “Bread Story” brand self-operated bakery retail outlets was approximately 68.1%, 67.2% and 67.2% for the years ended 31 December 2015, 2016 and 2017, respectively, while gross profit margin from our Bread Story Franchisees was approximately 71.0%, 81.2% and 59.8% for the same period, respectively.

Revenue from our Bread Story Franchisees mainly comprised (i) franchise and royalty fee; and (ii) sales of bakery products, ingredients and consumables. The gross profit margin from franchise and royalty fee income was significantly higher than that from sales of bakery products, ingredients and consumables given that no cost was allocated to the franchise and royalty fee income. The decrease of our gross profit margin from Bread Story Franchisees from approximately 81.2% for the year ended 31 December 2016 to approximately 59.8% for the year ended 31 December 2017 was mainly attributable to the increase in sales of bakery products, ingredients and consumables to Bread Story Franchisees from approximately S\$78,000 for the year ended 31 December 2016 to S\$381,000 for the year ended 31 December 2017, representing approximately 38.4% and 83.9% to the total revenue from Bread Story Franchisees for the same period, respectively.

Other income and gains

Our other income primarily consists of government grants, interest income, gain on disposal of items of property, plant and equipment and others.

The following table sets forth the breakdown of our other income and gains during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Other income and gains			
Government grants	113	149	50
Interest income	47	51	60
Gain on disposal of items of property, plant and equipment	54	—	—
Others	<u>162</u>	<u>34</u>	<u>32</u>
	<u>376</u>	<u>234</u>	<u>142</u>

The government grants represent rewards or subsidies under the Productivity and Innovation Credit Scheme and the Wage Credit Scheme which were received from the Singapore government. There are no unfulfilled conditions or contingencies relating to these grants during the Track Record Period.

Interest income primarily represents bank interest income.

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Gain on disposal of property, plant and equipment recognised for the year ended 31 December 2015 represents the difference between the selling price and the carrying value of kitchen equipments we sold to Independent Third Parties during the year.

Others mainly represents franchise licence fee forfeited, sale of kitchen utensils and know how transfer by the artisanal bakery segment and unrealised foreign exchange gains.

Employee benefits expense

Our employee benefits expense consists of (i) Directors' emoluments including, salaries, allowances and benefits in kind, discretionary performance related bonuses and pension scheme contributions; and (ii) staff costs including salaries, wages and bonus, staff welfare and others and pension scheme contributions. Our employee benefits expense amounted to approximately S\$3.5 million, S\$3.9 million and S\$5.9 million for the years ended 31 December 2015, 2016 and 2017, respectively, representing approximately 27.0%, 25.4% and 29.9% of our revenue for the same period, respectively.

The following table sets forth the breakdown of our employee benefits expense during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Directors' emoluments:			
- Salaries, allowances and benefits in kind	150	163	238
- Discretionary performance-related bonuses	6	4	6
- Pension scheme contributions	19	23	26
	<u>175</u>	<u>190</u>	<u>270</u>
Staff costs (excluding directors' and chief executive's remuneration):			
- Salaries, wages and bonuses	2,825	3,144	4,704
- Staff welfare and others	311	370	426
- Pension scheme contributions	180	212	493
	<u>3,316</u>	<u>3,726</u>	<u>5,623</u>
	<u>3,491</u>	<u>3,916</u>	<u>5,893</u>

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment represents depreciation charges for our property, plant and equipment, which mainly comprises of leasehold improvement, kitchen and bar equipment and leasehold land and building. For the years ended 31 December 2015, 2016 and 2017, our depreciation of property, plant and equipment amounted to approximately S\$0.6 million, S\$0.7 million and S\$1.0 million, respectively, representing approximately 4.7%, 4.7% and 5.0% of our revenue for the same period, respectively.

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Amortisation of an intangible asset

Our amortisation of an intangible asset represents amortisation of the franchise licence for the rights to use the manuals, trademarks and other intellectual property of Greyhound Café Co. For the years ended 31 December 2015, 2016 and 2017, our amortisation of intangible assets amounted to nil, S\$4,000 and S\$49,000, respectively.

Rentals and related expense

Our rentals and related expenses primarily represent the rental payments under operating leases paid for our restaurant, self-operated bakery retail outlets, Central Bakery and office premises. For the years ended 31 December 2015, 2016 and 2017, our rentals and related expenses amounted to approximately S\$3.1 million, S\$3.6 million and S\$4.3 million, respectively, representing approximately 23.7%, 23.3% and 21.7% of our revenue for the same period, respectively.

Rental expenses normally vary with the size and location of the premises. Majority of our leases have initial fixed lease terms of three years, with option to renew such lease terms upon re-negotiation of rental prices and other rental terms.

For every lease that our Group enters into, we will consider whether the rental expense, taking into account whether it is on fixed or contingent terms, as a percentage of our expected revenue to be derived by the restaurants and bakery retail outlets in question, is within the range acceptable to us, taking into account the expected customer traffic and expected average spending of each customer.

As we intend to continue to open new restaurants and bakeries, we expect our rentals and related expenses for our restaurants and bakeries to increase in the future.

Utility expenses

Our utility expenses primarily consist of expenses incurred for gas, electricity and water utilities. For the years ended 31 December 2015, 2016 and 2017, our utility expenses amounted to approximately S\$0.6 million, S\$0.6 million and S\$0.8 million, respectively, representing approximately 4.7%, 3.9% and 3.9% of our revenue for the same period, respectively.

Marketing and advertising expenses

For the years ended 31 December 2015, 2016 and 2017, our marketing and advertising expenses amounted to approximately S\$68,000, S\$66,000 and S\$74,000, respectively.

Other expenses

Our other expenses primarily consist of cleaning fee, repair and maintenance for our restaurants and bakery retail outlets, kitchen and bar utensils expenses, bank charges relating to credit card settlement, legal and professional fee, office expenses and other miscellaneous expenses. For the years ended 31 December 2015, 2016 and 2017, our other expenses amounted to approximately S\$0.9

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million, S\$1.1 million and S\$4.9 million, respectively, representing approximately 7.2%, 6.9% and 24.9% of our revenue for the same period, respectively. For the years ended 31 December 2015, 2016 and 2017, our professional fees also included the expenses in relation to the Listing of nil, nil and S\$3.2 million, respectively.

Finance costs

Our finance costs consist of (i) interest expenses on finance lease and term loans; (ii) bank charges; and (iii) others. Our finance costs amounted to approximately S\$96,000, S\$159,000 and S\$218,000 for the years ended 31 December 2015, 2016 and 2017, respectively, representing approximately 0.7%, 1.0% and 1.1% of our revenue for the same period, respectively.

The following table sets forth the breakdown of our finance costs during the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Interest expenses			
- Finance lease	5	4	4
- Term loans	88	151	202
Bank charges	3	3	10
Others	—	1	2
	<u>96</u>	<u>159</u>	<u>218</u>

Income tax expense

Our dining operations in Singapore were subject to a profit tax rate of 17% on the estimated profits arising in Singapore during the Track Record Period and our artisanal bakery operations in Malaysia were subject to a profit tax rate of 25% on the estimated profits arising in Malaysia for the year ended 31 December 2015 and 24% for the years ended 31 December 2016 and 2017. For further details, see note 11 to the Accountants' Report included in Appendix I to this prospectus. For the two years ended 31 December 2015 and 2016, our effective tax rate was 21.5% and 16.7%, respectively. The decrease in effective tax rate was mainly due to the increase in corporate income tax rebate cap from S\$20,000 for the year of assessment 2016 to S\$25,000 for the year of assessment 2017, given the rebate percentage will remain unchanged at 50% of the corporate tax payable, granted by the Inland Revenue Authority of Singapore to all companies in Singapore. Our operating subsidiaries in Singapore incurred higher assessable income during the year ended 31 December 2016, hence received higher corporate income tax rebate compared to the year ended 31 December 2015.

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Our Group's income tax paid during the Track Record Period was lower than the income tax expenses and tax payable due to the following reasons:

- (i) J W Central applied for the change of its financial year end date from 30 June to 31 December for the financial year 2015 in order to align its financial year end date with other subsidiaries of our Group for consolidation purpose. Tax paid of J W Central for the financial year 2015 was based on the estimated tax return filed for the original financial year from 1 July 2014 to 30 June 2015, whereas the tax payable in 2015 was based on the revised financial period for the 18 months from 1 July 2014 to 31 December 2015. The Company has filed the revised tax return based on the financial statements for the period from 1 July 2014 to 31 December 2015 and is currently pending for the revised tax assessment from the Inland Revenue Authority of Singapore; and
- (ii) According to the Income Tax Act 1967 of Malaysia, a company should submit an estimated tax payable for the year of assessment not later than 30 days before the beginning of the basis period for that year of assessment and the tax payment shall be made in equal monthly instalment according to its estimated tax payable. Bread Story Co. has filed the estimated tax payable for the years ended 31 December 2015 and 2016 in advance and paid tax in equal monthly instalment accordingly based on its estimated financial performance. As the actual financial performance of Bread Story Co. is better than the estimated financial information as submitted to the relevant tax authority in Malaysia, the tax paid was lower than the tax payable. Subsequently, Bread Story Co. has filed the tax return based on the actual audited financial statements and received the tax assessment from the tax authority.

Non-IFRS measures

In addition to the IFRS measures in our consolidated financial statements, we also use the non-IFRS financial measure of adjusted profit/(loss) for the year (excluding listing expenses) to evaluate our operating performance. We believe that this non-IFRS measure provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

RESULTS OF OPERATION OF OUR GROUP

Comparison of the financial year ended 31 December 2017 to the financial year ended 31 December 2016

Revenue

Our revenue increased by approximately S\$4.3 million or 27.8% from approximately S\$15.4 million for the year ended 31 December 2016 to S\$19.7 million for the year ended 31 December 2017. The increase in our revenue was mainly due to the increase in revenue of our dining operations in Singapore and artisanal bakery chain in Malaysia.

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Dining operations in Singapore

Revenue generated from our dining operations in Singapore increased by approximately S\$4.0 million or 37.5% from approximately S\$10.6 million for the year ended 31 December 2016 to approximately S\$14.6 million for the year ended 31 December 2017. The increase was mainly due to (i) the increase in revenue generated from Central (WL), which commenced operation in November 2016, by approximately S\$1.2 million; and (ii) the increase in revenue generated from Greyhound (PG), which commenced operation in December 2016, by approximately S\$3.1 million for the year ended 31 December 2017.

Artisanal bakery chain in Malaysia

Revenue from our artisanal bakery chain in Malaysia recorded an increase by approximately S\$0.3 million or 6.4% from approximately S\$4.8 million for the year ended 31 December 2016 to S\$5.1 million for the year ended 31 December 2017. The increase was mainly due to the increase in sales of bakery products, ingredients and consumables to our Bread Story Franchisees by approximately S\$303,000, from approximately S\$78,000 for the year ended 31 December 2016 to S\$381,000 for the year ended 31 December 2017 mainly attributable to the increase in sales of bakery consumables to one of our Bread Story Franchisees for the preparation of opening its bakery retail outlet.

Cost of inventories sold and consumed

Our cost of inventories sold and consumed increased by approximately S\$0.7 million or 18.4% from approximately S\$3.9 million for the year ended 31 December 2016 to S\$4.6 million for the year ended 31 December 2017. The increase in our cost of inventories sold and consumed was primarily due to the increase in purchase of food ingredients and beverages for our dining operations in Singapore as a result of the opening of Central (WL) and Greyhound (PG) in November 2016 and December 2016, respectively.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S\$3.6 million or 31.0% from approximately S\$11.5 million for the year ended 31 December 2016 to S\$15.1 million for the year ended 31 December 2017, representing gross profit margin of approximately 74.8% and 76.7% for the corresponding period.

Dining operations in Singapore

For the years ended 31 December 2016 and 2017, gross profit from our dining operations in Singapore was approximately S\$8.3 million and S\$11.7 million, respectively, representing gross profit margin of 77.9% and 80.2% for the corresponding period. The increase in gross profit margin of our dining operations was primarily attributable to the increase in revenue of approximately S\$4.0 million which was greater than the increase in cost of inventories sold and consumed of approximately S\$0.6

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million. The increase in revenue was mainly due to the increase in revenue generated from Central (WL) and Greyhound (PG) by approximately S\$1.2 million and S\$3.1 million for the year ended 31 December 2017, respectively. Greyhound (PG) commenced operation in December 2016 and targets customers with higher spending ability and hence charges higher menu price.

Artisanal bakery chain in Malaysia

For the years ended 31 December 2016 and 2017, gross profit from our artisanal bakery chain in Malaysia was approximately S\$3.2 million and S\$3.4 million, respectively, representing gross profit margin of approximately 67.8% and 66.5% for the corresponding period, respectively. The increase in gross profit was in line with the growth of revenue from our artisanal bakery chain during the respective period. The decrease in gross profit margin of our artisanal bakery chain was primarily due to the increase in bakery ingredients cost as a result of the weakening of RM. Notwithstanding that our Group mainly sourced its ingredients from local suppliers, certain major ingredients sourced from the suppliers for our artisanal bakery chain in Malaysia, such as butter and cheese, are originated in, among others, Australia, New Zealand and Singapore. The weakening of RM has led to import inflation, and hence increased our bakery ingredients cost. According to the Euromonitor Report, the CPI of major food ingredients of artisanal bakery industry in Malaysia increased from 122.1 in 2011 to 126.8 in 2016.

Other income and gains

Our other income and gains decreased by approximately S\$92,000 or 39.3% from approximately S\$234,000 for the year ended 31 December 2016 to S\$142,000 for the year ended 31 December 2017. The decrease in our other income and gains was primarily due to (i) the decrease in sale of kitchen utensils and know how transfer by the artisanal bakery segment; and (ii) the decrease in government grant received from the Singapore government.

Employee benefits expense

Our employee benefits expense increased by approximately S\$2.0 million or 50.5% from approximately S\$3.9 million for the year ended 31 December 2016 to S\$5.9 million for the year ended 31 December 2017. The increase in our employee benefits expenses was primarily due to (i) the increase in headcounts due to the expansion of our dining operations, including the opening of two new restaurants in Singapore; and (ii) the increase in headcounts for our headquarter in order to support the expansion of our Group's operations.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by approximately S\$259,000 or 36.1% from approximately S\$0.7 million for the year ended 31 December 2016 to S\$1.0 million for the year ended 31 December 2017. The increase in our depreciation of property, plant and equipment was primarily due to depreciation expense incurred for additional property, plant and equipment acquired for the opening of Greyhound (PG) in December 2016, which contributed approximately S\$0.2 million to our depreciation expenses for the year ended 31 December 2017.

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Amortisation of an intangible asset

Our amortisation of an intangible assets increased from S\$4,000 for the year ended 31 December 2016 to approximately S\$49,000 for the year ended 31 December 2017 which represents the amortisation of the franchise licence which represents the franchise fee incurred under the Greyhound Franchise Agreement.

Rentals and related expenses

Our rentals and related expenses increased by approximately S\$0.7 million or 19.0% from approximately S\$3.6 million for the year ended 31 December 2016 to S\$4.3 million for the year ended 31 December 2017. The increase in our rentals and related expenses was primarily due to the additional lease of premises for the opening of Central (WL) and Greyhound (PG) which contributed approximately S\$0.4 million and S\$0.5 million to our rental and related expenses for the year ended 31 December 2017, respectively.

Utility expenses

Our utility expenses increased by approximately S\$165,000 or 27.5% from approximately S\$599,000 for the year ended 31 December 2016 to S\$764,000 for the year ended 31 December 2017. The increase is mainly attributable to the expansion of our dining and artisanal bakery chain network, including the opening of two new restaurants in Singapore.

Marketing and advertising expenses

Our marketing and advertising expenses increased by approximately S\$8,000 or 12.1% from approximately S\$66,000 for the year ended 31 December 2016 to S\$74,000 for the year ended 31 December 2017. The increase was mainly due to the launch of a digital marketing program in Singapore to promote our brand recognition in 2017.

Other expenses

Our other expenses increased by approximately S\$3.9 million from approximately S\$1.1 million for the year ended 31 December 2016 to S\$4.9 million for the year ended 31 December 2017. The increase in other expenses was mainly due to (i) expenses related to the Listing of approximately S\$3.2 million being recorded for the year ended 31 December 2017; and (ii) the non-recurring unrealised exchange loss arise from the receipt of pre-IPO proceeds in 2017.

Finance costs

Our finance costs increased by approximately S\$59,000 or 37.1% from approximately S\$159,000 for the year ended 31 December 2016 to S\$218,000 for the year ended 31 December 2017. The increase in our finance costs was mainly contributed by the increase in bank borrowings mainly to finance the opening of two new restaurants, namely Central (WL) and Greyhound (PG), in the end of 2016.

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Income tax expense

Our income tax expense increased by approximately S\$66,000 or 23.9% from approximately S\$276,000 for the year ended 31 December 2016 to S\$342,000 for the year ended 31 December 2017. The increase in our income tax expense was in line with the increase in profit before tax.

Profit/loss for the year

Our Group recorded a loss for the year ended 31 December 2017 of approximately S\$2.3 million, while a profit of S\$1.4 million was recorded for the year ended 31 December 2016. This was mainly due to expenses related to the Listing of approximately S\$3.2 million recorded during the year ended 31 December 2017 as compared with nil during the year ended 31 December 2016. Our Group would have been recorded a profit of approximately S\$0.9 million for the year ended 31 December 2017 if we excluded the non-recurring listing expenses. The decrease in profit for the year ended 31 December 2017 was mainly attributable to (i) the increase in staff costs as a result of the increase in head counts at our head office; (ii) the increase in rental and related expenses as a result of the opening of two new restaurants, namely Central (WL) and Greyhound (PG), in the end of 2016; and (iii) the non-recurring unrealised exchange loss arise from the receipt of pre-IPO proceeds in 2017.

Comparison of the financial year ended 31 December 2016 to the financial year ended 31 December 2015

Revenue

Our revenue increased by approximately S\$2.5 million or 19.3% from approximately S\$12.9 million for the year ended 31 December 2015 to S\$15.4 million for the year ended 31 December 2016. The increase in our revenue was mainly due to the increase in revenue of our dining operations in Singapore and artisanal bakery chain in Malaysia.

Dining operations in Singapore

Revenue generated from our dining operations in Singapore increased by approximately S\$2.1 million or 24.0% from approximately S\$8.6 million for the year ended 31 December 2015 to S\$10.6 million for the year ended 31 December 2016. The increase in revenue generated from our dining operations was primarily due to (i) the increase in total comparable restaurant sales of our four restaurants, namely Black Society (VC), Central (JP), Central (SV) and Central (VC), by approximately S\$0.3 million; (ii) the increase in revenue generated from Central (RWS) by approximately S\$2.4 million, which opened in January 2016; (iii) the increase in revenue generated from Central (WL) by approximately S\$0.2 million, which opened in November 2016; and (iv) the increase revenue generated from Greyhound (PG) by approximately S\$0.3 million, which opened in December 2016.

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Artisanal bakery chain in Malaysia

Revenue generated from our artisanal bakery chain in Malaysia increased by approximately S\$0.4 million or 10.2% from approximately S\$4.3 million for the year ended 31 December 2015 to S\$4.8 million for the year ended 31 December 2016. The increase in revenue generated from our artisanal bakery chain was primarily due to (i) the increase in revenue generated from Bread Story (PSA) by approximately S\$0.1 million, which opened in July 2016; (ii) the increase in revenue generated from Bread Story (SBP) by approximately S\$0.1 million, which opened in July 2016; and (iii) the increase in revenue generated from Bread Story (IOI) by approximately S\$0.1 million, which opened in September 2016.

Cost of inventories sold and consumed

Our cost of inventories sold and consumed increased by approximately S\$0.4 million or 11.8% from approximately S\$3.5 million for the year ended 31 December 2015 to S\$3.9 million for the year ended 31 December 2016. The increase in our cost of inventories was primarily due to the increase in purchases of food ingredients and beverages for our dining operations in Singapore and artisanal bakery chain in Malaysia, in order to facilitate the opening of three new restaurants in Singapore and three new self-operated bakery retail outlets in Malaysia for the year ended 31 December 2016.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately S\$2.1 million or 22.1% from approximately S\$9.4 million for the year ended 31 December 2015 to S\$11.5 million for the year ended 31 December 2016, representing gross profit margin of approximately 73.1% and 74.8% for the corresponding years.

Dining operations in Singapore

For the two years ended 31 December 2015 and 2016, gross profit from our dining operations in Singapore was approximately S\$6.5 million and S\$8.3 million, respectively, representing gross profit margin of approximately 75.6% and 77.9% for the corresponding years. The increase in gross profit margin of our dining operations was primarily attributable to the increase in revenue of S\$2.1 million which was greater than the increase in the cost of inventories sold and consumed of approximately S\$0.3 million. The increase in revenue was mainly due to the increase in revenue generated from Central (RWS), Central (WL) and Greyhound (PG) by approximately S\$2.4 million, S\$0.2 million and S\$0.3 million, respectively. Central (RWS) which commenced operation in January 2016 charged higher menu price as compared to other “Central Hong Kong Café” restaurants as it is located at a popular tourist destination in Singapore.

Artisanal bakery chain in Malaysia

For the two years ended 31 December 2015 and 2016, gross profit from our artisanal bakery chain in Malaysia was approximately S\$3.0 million and S\$3.2 million, respectively, representing gross profit margin of approximately 68.2% and 67.8% for the corresponding years. The increase in gross profit from our artisanal bakery chain in Malaysia was in line with the growth of revenue from our

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artisanal bakery chain during the respective period. The slight decrease in gross profit margin of our artisanal bakery chain was primarily due to the increase in bakery ingredients cost as a result of the weakening of RM. Notwithstanding that our Group mainly sourced its ingredients from local suppliers, certain major ingredients sourced from the suppliers for our artisanal bakery chain in Malaysia, such as butter and cheese, are originated in, among others, Australia, New Zealand and Singapore. The weakening of RM has led to import inflation, and hence increased our bakery ingredients cost. According to the Euromonitor Report, the CPI of major food ingredients of artisanal bakery industry in Malaysia increased from 122.1 in 2015 to 126.8 in 2016.

Other income and gains

Our other income and gains decreased by approximately S\$0.1 million or 37.8% from approximately S\$0.4 million for the year ended 31 December 2015 to S\$0.2 million for the year ended 31 December 2016. The decrease in our other income and gains was primarily due to the decrease in sale of kitchen utensils and know how transfer by the artisanal bakery segment.

Employee benefits expense

Our employee benefits expense increased by approximately S\$0.4 million or 12.2% from approximately S\$3.5 million for the year ended 31 December 2015 to S\$3.9 million for the year ended 31 December 2016. The increase in our employee benefits expense was primarily due to the increase in headcounts as a result of the expansion of our restaurant and artisanal bakery chain, including the opening of three new restaurants in Singapore and three new self-operated bakery retail outlets in Malaysia in 2016.

Depreciation of property, plant and equipment

Our depreciation of property, plant and equipment increased by approximately S\$0.1 million or 17.3% from approximately S\$0.6 million for the year ended 31 December 2015 to S\$0.7 million for the year ended 31 December 2016. The increase in our depreciation of property, plant and equipment was primarily due to depreciation expenses incurred for additional property, plant and equipment acquired for the opening of three new restaurants in Singapore and three new self-operated bakery retail outlets in Malaysia during the year ended 31 December 2016.

Amortisation of an intangible asset

Our amortisation of an intangible assets increased from nil for the year ended 31 December 2015 to approximately S\$4,000 for the year ended 31 December 2016 which represents the amortisation of the franchise licence which represent the franchise fee incurred under the Greyhound Franchise Agreement.

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Rentals and related expenses

Our rentals and related expenses increased by approximately S\$0.5 million or 17.2%, from approximately S\$3.1 million for the year ended 31 December 2015 to S\$3.6 million for the year ended 31 December 2016. The increase in our rentals and related expenses was primarily due to the additional lease of premises for the opening of Central (RWS), Central (WL) and Greyhound (PG) which contributed approximately S\$0.2 million, S\$0.1 million and S\$0.1 million to our rentals and related expenses for the year ended 31 December 2016, respectively.

Utility expenses

Our utility expenses remained stable at approximately S\$0.6 million for the year ended 31 December 2015 and S\$0.6 million for the year ended 31 December 2016. Despite the increase in number of restaurants in 2016, our utility expenses remained stable due to the energy-saving measures implemented by our Group over electricity usage.

Marketing and advertising expenses

Our marketing and advertising expenses remained stable at approximately S\$68,000 and S\$66,000 for the year ended 31 December 2015 and 2016, respectively.

Other expenses

Our other expenses increased by approximately S\$0.1 million or 13.5%, from approximately S\$0.9 million for the year ended 31 December 2015 to S\$1.1 million for the year ended 31 December 2016. The increase in other expenses was mainly due to the increase in cleaning fee and kitchen and bar utensils expenses for the opening of three new restaurants in Singapore and three new self-operated bakery retail outlets in Malaysia in 2016.

Finance costs

Our finance costs increased by approximately S\$0.1 million or 65.6% from approximately S\$0.1 million for the year ended 31 December 2015 to S\$0.2 million for the year ended 31 December 2016. The increase in our finance costs was mainly contributed by the increase in bank borrowings mainly to finance the opening of three new restaurants in Singapore in 2016.

Income tax expense

Our income tax expense increased by approximately S\$74,000 or 36.6% from approximately S\$202,000 for the year ended 31 December 2015 to S\$276,000 for the year ended 31 December 2016. The increase in our income tax expense was in line with the increase in our profit before tax.

Profit for the year

As a result of the factors discussed above, our profit for the year increased by approximately S\$0.6 million or 85.6% from approximately S\$0.7 million for the year ended 31 December 2015 to S\$1.4 million for the year ended 31 December 2016.

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LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our liquidity and capital requirements primarily through a combination of capital contributions from our Controlling Shareholder, bank borrowings and internally generated funds from our operating activities. As at 31 December 2015, 31 December 2016 and 31 December 2017, we had cash and cash equivalents of approximately S\$1.1 million, S\$1.3 million and S\$3.6 million, respectively.

We had net cash flows generated from operating activities of approximately S\$1.5 million and S\$1.7 million for the years ended 31 December 2015 and 2016, respectively, and net cash flows used in operating activities of approximately S\$2.7 million for the year ended 31 December 2017. We require cash primarily for general working capital needs and capital expenditures for our business expansion. Going forward, we expect to fund our working capital requirements with a combination of various sources, including but not limited to cash generated from our operations, the net proceeds from the Share Offer, the cash and cash equivalents available and other possible equity and debt financings as and when appropriate. For more information on our expected capital expenditure requirements, please refer to the paragraph headed “Financial Information — Capital Expenditure” in this section.

Cash flows of our Group

The following table sets forth the selected cash flow data from the consolidated statements of cash flows for the Track Record Period:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Net cash flows generated from/(used in) operating activities	1,547	1,740	(2,665)
Net cash flows used in investing activities	(2,160)	(2,707)	(34)
Net cash flows generated from financing activities	<u>378</u>	<u>1,180</u>	<u>5,174</u>
Net (decrease)/increase in cash and cash equivalents	<u>(235)</u>	<u>213</u>	<u>2,475</u>
Cash and cash equivalents at beginning of year	1,335	1,141	1,309
Effects of foreign exchange differences	<u>41</u>	<u>(45)</u>	<u>(154)</u>
Cash and cash equivalents at end of year	<u>1,141</u>	<u>1,309</u>	<u>3,630</u>
Analysis of balances of cash and cash equivalents			
Cash and bank balances	648	812	3,112
Fixed deposits with licenced banks	620	627	674
Less: Fixed deposit pledged	<u>(127)</u>	<u>(130)</u>	<u>(156)</u>
Cash and cash equivalents as stated in the consolidated statements of financial position	1,141	1,309	3,630

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Net cash flows from operating activities

Our cash inflow from operating activities is principally derived from the receipts from our dining operations in Singapore and artisanal bakery chain in Malaysia. Our operating expenses comprised mainly cost of inventories sold and consumed, employee benefits expense, rental and related expenses and utility expenses. During the Track Record Period, our net cash flows from operating activities represented profit before tax for the year, adjusted for non-cash and non-operating items, which mainly includes depreciation of property, plant and equipment, finance costs, interest income and the effects of changes in working capital, which primarily consisted of changes in trade and other receivables, prepayments, inventories, trade and other payables.

For the year ended 31 December 2017, we had net cash flows used in operating activities of approximately S\$2.7 million. This amount represent our loss before tax of approximately S\$1.9 million, (i) adjusted for certain non-cash gains and expenses, mainly included depreciation of property, plant and equipment of approximately S\$1.0 million and finance costs of approximately S\$0.2 million, and (ii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly included the increase in prepayments of approximately S\$0.1 million, the increase in trade and other receivables of approximately S\$0.5 million and the decrease in trade and other payables of approximately S\$0.7 million.

For the year ended 31 December 2016, we had net cash flows generated from operating activities of approximately S\$1.7 million. This amount represents profit before tax of approximately S\$1.6 million, (i) adjusted for certain non-cash gains and expenses, mainly included depreciation of property, plant and equipment of S\$0.7 million and finance costs of approximately S\$0.2 million, offset by changes in certain working capital items that negatively affected operating cash flow, mainly included the increase in trade and other receivables of approximately S\$0.3 million.

For the year ended 31 December 2015, we had net cash flows generated from operating activities of approximately S\$1.5 million. This amount represent profit before tax of S\$0.9 million, (i) adjusted for certain non-cash gains and expenses, mainly included depreciation of property, plant and equipment of approximately S\$0.6 million and finance costs of approximately S\$0.1 million, and for changes in certain working capital items that positively affected operating cash flow, mainly included the increase in trade and other payables of approximately S\$0.1 million, and (ii) offset by changes in certain working capital items that negatively affected operating cash flow, mainly included the increase in trade and other receivables of S\$0.1 million and the decrease in inventories of approximately S\$0.1 million.

Net cash flows used in investing activities

Our cash used in investing activities mainly consists of net amount due from a Director of the Company, prepayments for purchase of property, plant and equipment and purchase of property, plant and equipment and intangible asset.

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For the year ended 31 December 2017, we had net cash flows used in investing activities of approximately S\$34,000, as a result of the decrease in net amount due from a Director of the Company of approximately S\$0.9 million, partially offset by the purchases of items of property, plant and equipment of S\$0.4 million and the prepayment for property, plant and equipment of S\$0.5 million.

For the year ended 31 December 2016, we had net cash flows used in investing activities of approximately S\$2.7 million, as a result of the increase in net amount due from a Director of the Company of S\$1.9 million and the purchase of property, plant and equipment of approximately S\$0.6 million.

For the year ended 31 December 2015, we had net cash used in investing activities of approximately S\$2.2 million, as a result of the increase in net amount due from a Director of the Company of S\$1.8 million and the purchase of property, plant and equipment of approximately S\$0.3 million.

Net cash flows from financing activities

Our cash inflow from financing activities mainly consists of proceeds from bank loans and our cash used in financing activities mainly consists of repayment of bank loans and finance leases.

For the year ended 31 December 2017, we had net cash flows generated from financing activities of approximately S\$5.2 million, as a result of the contribution by a pre-Listing investor of a subsidiary of approximately S\$5.9 million and the proceeds from bank loans of S\$2.0 million, offset by the repayment of bank loans and finance leases of approximately S\$2.7 million.

For the year ended 31 December 2016, we had net cash flows generated from financing activities of approximately S\$1.2 million, as a result of proceeds from bank loans of approximately S\$1.4 million, offset by the repayment of bank loans and finance leases of approximately S\$0.7 million.

For the year ended 31 December 2015, we had net cash flows generated from financing activities of approximately S\$0.4 million, as a result of proceeds from bank loans of approximately S\$1.0 million, offset by the repayment of bank loans of approximately S\$0.6 million.

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WORKING CAPITAL

The following table sets forth the breakdown of our current assets and current liabilities as at 31 December 2015, 31 December 2016, 31 December 2017 and 28 February 2018.

	As at 31 December			As at 28 February
	2015	2016	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Current assets				
Inventories	292	430	462	437
Trade and other receivables	581	642	1,483	1,599
Due from a Director of the Company	3,386	2,766	—	—
Prepayments	61	51	1,337	1,301
Restricted cash	127	130	156	156
Cash and cash equivalents	1,141	1,309	3,630	3,269
Total current assets	<u>5,588</u>	<u>5,328</u>	<u>7,068</u>	<u>6,762</u>
Current liabilities				
Trade and other payables	2,492	3,160	3,677	3,335
Due to a Director of the Company	636	412	—	—
Interest-bearing bank and other borrowings	493	756	682	691
Tax payable	282	520	320	370
Total current liabilities	<u>3,903</u>	<u>4,848</u>	<u>4,679</u>	<u>4,396</u>
Net current assets	<u>1,685</u>	<u>480</u>	<u>2,389</u>	<u>2,366</u>

Our total current assets as at 31 December 2015, 2016 and 2017 and 28 February 2018 amounted to approximately S\$5.6 million, S\$5.3 million, S\$7.1 million and S\$6.8 million, respectively, which primarily consisted of inventories, trade and other receivables, amount due from a director of the Company, prepayments, restricted cash and cash and cash equivalents. Our total current liabilities as at 31 December 2015, 2016 and 2017 and 28 February 2018 amounted to approximately S\$3.9 million, S\$4.8 million, S\$4.7 million and S\$4.4 million, respectively, which primarily consisted of trade and other payables, amount due to a director of the Company, interest-bearing bank and other borrowings and tax payable.

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Our Group's net current assets decreased from approximately S\$1.7 million as at 31 December 2015 to S\$0.5 million as at 31 December 2016. The decrease in net current assets was primarily due to the decrease in amount due from a director of the Company from approximately S\$3.4 million as at 31 December 2015 to S\$2.8 million as at 31 December 2016 as a result of the declaration of interim dividend during the year ended 31 December 2016.

Our Group's net current assets increased from approximately S\$0.5 million as at 31 December 2016 to S\$2.4 million as at 31 December 2017, which mainly contributable to the receipts of proceeds from pre-IPO investment and offset by increase in trade and other payables relating to the expense in relation to the Listing.

Our Group's net current assets remained stable at approximately S\$2.4 million and S\$2.4 million as at 31 December 2017 and 28 February 2018, respectively.

Our Directors confirm that, taking into consideration the financial resources presently available to us, including our existing cash and cash equivalents, cash flows from operations and net proceeds from the Share Offer, we have sufficient working capital for our present requirements for at least the next 12 months commencing on the date of this prospectus.

DISCUSSION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Consolidated Statements of Financial Position

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	2,244	2,929	2,585
Intangible asset	—	239	190
Non-current rental deposits	671	986	685
Prepayment for purchases of items of property, plant and equipment	50	—	457
Deferred tax assets	12	49	15
Total non-current assets	<u>2,977</u>	<u>4,203</u>	<u>3,932</u>

FINANCIAL INFORMATION

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
CURRENT ASSETS			
Inventories	292	430	462
Trade and other receivables	581	642	1,483
Due from a Director of the Company	3,386	2,766	—
Prepayments	61	51	1,337
Restricted cash	127	130	156
Cash and cash equivalents	<u>1,141</u>	<u>1,309</u>	<u>3,630</u>
Total current assets	<u>5,588</u>	<u>5,328</u>	<u>7,068</u>
CURRENT LIABILITIES			
Trade and other payables	2,492	3,160	3,677
Due to a Director of the Company	636	412	—
Interest-bearing bank and other borrowings	493	756	682
Tax payable	<u>282</u>	<u>520</u>	<u>320</u>
Total current liabilities	<u>3,903</u>	<u>4,848</u>	<u>4,679</u>
NET CURRENT ASSETS	<u>1,685</u>	<u>480</u>	<u>2,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>4,662</u>	<u>4,683</u>	<u>6,321</u>
NON-CURRENT LIABILITIES			
Other payables	84	105	70
Interest-bearing bank and other borrowings	1,125	1,592	1,124
Deferred tax liabilities	<u>61</u>	<u>50</u>	<u>63</u>
Total non-current liabilities	<u>1,270</u>	<u>1,747</u>	<u>1,257</u>
Net assets	<u><u>3,392</u></u>	<u><u>2,936</u></u>	<u><u>5,064</u></u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	—	—	676
Reserves	<u>3,392</u>	<u>2,936</u>	<u>4,388</u>
Total equity	<u><u>3,392</u></u>	<u><u>2,936</u></u>	<u><u>5,064</u></u>

FINANCIAL INFORMATION

Property, plant and equipment

Our property, plant and equipment consist of kitchen and bar equipment, freehold apartment, leasehold land and building, motor vehicles, furniture and fittings, computers and equipment and leasehold improvements. We had property, plant and equipment of approximately S\$2.2 million, S\$2.9 million and S\$2.6 million as at 31 December 2015, 2016 and 2017, respectively.

The following table sets forth the breakdown of our property, plant and equipment as at the respective dates indicated:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Freehold apartment	109	103	102
Leasehold land and building	493	474	471
Kitchen and bar equipment	237	334	409
Motor vehicles	40	61	56
Furniture and fittings	149	198	318
Computers and office equipment	136	153	112
Leasehold improvements	1,080	1,606	1,117
	<u>2,244</u>	<u>2,929</u>	<u>2,585</u>

Our property, plant and equipment increased by approximately 30.5% from S\$2.2 million as at 31 December 2015 to S\$2.9 million as at 31 December 2016 primarily due to the increase in leasehold improvement, kitchen and bar equipment and furniture and fittings for our three new restaurants and three new self-operated bakery retail outlets opened in 2016. Our property, plant and equipment decreased by approximately S\$0.3 million, or 11.7% from S\$2.9 million as at 31 December 2016 to S\$2.6 million as at 31 December 2017 because the depreciation provided during the period was larger than the addition in property, plant and equipment.

Intangible asset

Our intangible asset increased from nil as at 31 December 2015 to approximately S\$0.2 million and S\$0.2 million as at 31 December 2016 and 2017, respectively. Our intangible asset represents our right to use the manuals, trademarks and other intellectual property of Greyhound Café Co. under the Greyhound Franchise Agreement.

Non-current rental deposits

We had non-current rental deposit of approximately S\$0.7 million, S\$1.0 million and S\$0.7 million as at 31 December 2015, 2016 and 2017. Our non-current rental deposit represents rent deposits paid by our Group which is non-current in nature.

FINANCIAL INFORMATION

Prepayment for purchases of items of property, plant and equipment

Our prepayment for purchases of items of property, plant and equipment represents advance payments to our renovation contractor. Our prepayment for purchases of items of property, plant and equipment were approximately S\$50,000, nil and S\$457,000 as at 31 December 2015, 2016 and 2017, respectively.

Inventories

Our inventories primarily consist of raw materials, finished goods and food and beverage, and other operating items for dining operations in Singapore, including food ingredients, semi-processed and processed foods, beverages, bakery ingredients and bakery finished products. The following table sets forth information on our inventory balances, inventories aging and inventories turnover days as at the respective dates indicated:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Raw materials	227	339	378
Finished goods	18	30	22
Food and beverage, and other operating items for restaurant operations	47	61	62
	<u>292</u>	<u>430</u>	<u>462</u>

Our inventories increased by approximately S\$0.1 million or 49.3% from approximately S\$0.3 million as at 31 December 2015 to S\$0.4 million as at 31 December 2016 mainly attributable to the increase in purchase of raw materials as a result of the opening of three new restaurants and three new self-operated bakery retail outlets during the year ended 31 December 2016. As at 31 December 2016 and 2017, our inventories remained stable at S\$0.4 million and S\$0.5 million, respectively.

An aging analysis of our inventories as at 31 December 2015, 31 December 2016 and 31 December 2017 is as follow:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Less than 30 days	139	254	343
31 to 90 days	62	31	10
More than 90 days	91	145	109
	<u>292</u>	<u>430</u>	<u>462</u>

FINANCIAL INFORMATION

The table below sets forth our inventories turnover days for the periods indicated:

	For the year ended 31 December		
	2015	2016	2017
Inventories turnover days ⁽¹⁾	34	34	35

- (1) Average inventories is the sum of inventories at the beginning of the period plus the inventories at the end of the period divided by two. Inventories turnover days is equal to the average inventories divided by cost of inventories sold and consumed multiplied by 365 days for each of the years ended 31 December 2015, 2016 and 2017.

The principal food ingredients and beverage items used in our dining operations are fresh meat, fresh vegetable, seafood, dried goods, and other supplies, such as beverages and seasonings. Whereas principal bakery ingredients used in our artisanal bakery chain are flour, eggs, cheese and sugar. Our Directors believe that fresh meat, fresh vegetable and fresh seafood have shelf life of approximately three to 15 days; dried food has a shelf life of approximately six months; and frozen food has a shelf life of approximately two weeks. Whereas flour have shelf life of approximately one year; eggs have shelf life of approximately seven days; and cheese has shelf life of approximately two months. The nature of inventories which are aged over 90 days are non-perishable items include canned ingredients, dried goods (such as shark fin and dried abalone) and packaging materials. The life spans of these non-perishable items are generally more than 12 months. For the years ended 31 December 2015, 2016 and 2017, inventory turnover days of our Group remains stable at approximately 34 days, 34 days and 35 days, respectively.

As at 28 February 2018, approximately S\$0.3 million or 61.7% of our inventories as at 31 December 2017 were subsequently utilised.

Trade and other receivables

Our trade and other receivables primarily consist of trade receivables, other receivables and refundable deposits. We had trade and other receivables of approximately S\$0.6 million, S\$0.6 million and S\$1.5 million as at 31 December 2015, 31 December 2016 and 31 December 2017, respectively.

The following table sets forth the breakdown of our trade and other receivables as at the respective date indicated:

	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables	75	236	287
Other receivables	1	4	131
Refundable deposits	1,176	1,388	1,750
	<u>1,252</u>	<u>1,628</u>	<u>2,168</u>
Less: Refundable deposits classified as non-current assets	671	986	685
	<u>581</u>	<u>642</u>	<u>1,483</u>

FINANCIAL INFORMATION

Trade receivables

Our trade receivables mainly represent receivables from credit card issuers in Singapore and our Bread Story Franchisees in Malaysia. During the Track Record Period, we normally receive remittance from (i) credit card issuers, net of service fees of approximately 1.5%, within two business day; and (ii) NETS on the next business day. Our trading terms with our retail customers are mainly on cash and credit card settlement. For our Bread Story Franchisees, we generally offered credit terms of 14 days.

Our trade receivables increased by approximately S\$161,000 from approximately S\$75,000 as at 31 December 2015 to S\$236,000 as at 31 December 2016 and further increased to S\$287,000 as at 31 December 2017. The increase was mainly attributable to (i) the increase in revenue generated from our dining operations in Singapore from approximately S\$8.6 million for the year ended 31 December 2015 to S\$10.6 million for the year ended 31 December 2016 and further increased to S\$14.6 million for the year ended 31 December 2017; and (ii) the increase in receivable from one of our Bread Story Franchisees who operated three franchised bakery retail outlets in Langkawi, Malaysia. For further details, please refer to note 17 to the accountant's report included in Appendix I to this prospectus.

An aging analysis of our trade receivables as at 31 December 2015, 2016 and 2017 based on the invoice date is as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Less than 30 days	60	140	227
31 to 60 days	—	4	39
More than 60 days	15	92	21
	<u>75</u>	<u>236</u>	<u>287</u>

The aging analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Neither past due nor impaired	57	138	168
Past due not impaired:			
- Less than 30 days	3	2	59
- 31-60 days	—	4	39
- More than 60 days	15	92	21
	<u>75</u>	<u>236</u>	<u>287</u>

FINANCIAL INFORMATION

Receivables that were neither past due nor impaired relate to (i) receivable from credit card issuers and NETS in Singapore and (ii) our Bread Story Franchisees.

Receivables that were past due but not impaired relate to our Bread Story Franchisees that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The table below sets forth our trade receivables turnover days as at the respective dates indicated:

	For the year ended 31 December		
	2015	2016	2017
Trade receivables turnover days ⁽¹⁾	2	4	5

(1) Average trade receivables is the sum of trade receivables at the beginning of the period plus the trade receivables at the end of the period divided by two. Trade receivables turnover days is equal to the average trade receivables divided by revenue and multiplied by 365 days for each of the years ended 31 December 2015, 2016 and 2017.

Our trade receivables turnover days increased from 2 days for the year ended 31 December 2015 to 4 days for the year ended 31 December 2016 and remained stable at 5 days for the year ended 31 December 2017, which mainly attributable to (i) the increase in receivable from our credit card issuers as a result of an increase in revenue from our dining operations in Singapore; and (ii) the increase in receivable from one of our Bread Story Franchisees who operated three franchised bakery retail outlets in Langkawi, Malaysia during the Track Record Period.

As at 28 February 2018, approximately S\$0.1 million or 45.2% of our trade receivable as at 31 December 2017 have been subsequently settled.

Refundable deposits

Our refundable deposits represent rental deposits paid by our Group. As at 31 December 2015, 2016 and 2017, we had refundable deposits of approximately S\$1.2 million, S\$1.4 million and S\$1.8 million, respectively. Our refundable deposits increased by approximately S\$0.2 million from approximately S\$1.2 million as at 31 December 2015 to S\$1.4 million as at 31 December 2016 primarily due to the opening of two restaurants in 2016. Our refundable deposits further increased to approximately S\$1.8 million as at 31 December 2017 primarily due to the increase in rental deposits as a result of the opening of Central (NP) in January 2018.

FINANCIAL INFORMATION

Prepayments

Our prepayments mainly represents advance payments to our renovation contractor, our suppliers and professionals related to the Listing. We had prepayment of approximately S\$0.1 million, S\$0.1 million and S\$1.3 million as at 31 December 2015, 2016 and 2017, respectively. Our prepayments remained stable at S\$0.1 million as at 31 December 2015 and 2016 and increased significantly to S\$1.3 million as at 31 December 2017 primarily due to the upfront payment to professionals in relation to the Listing.

Restricted cash

Our restricted cash represents fixed deposit pledged to the bank. Management of our Group is restricted to use the fixed deposit. We had restricted cash of approximately S\$0.1 million, S\$0.1 million and S\$0.2 million as at 31 December 2015, 2016 and 2017, respectively.

Trade and other payables

Our trade and other payables primarily consist of trade payables, other payables, accrued expenses, deferred revenue, deferred rental liability, provision of unutilised leave, provision for reinstatement costs and good and services tax payable.

The following table sets forth the breakdown of our trade and other payables as at the respective dates indicated:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Trade payables	828	1,362	960
Other payables	174	379	606
Accrued expenses	1,240	1,038	1,597
Deferred revenue	45	49	64
Deferred rental liability	74	179	141
Provision for unutilised leave	36	60	58
Provision for reinstatement costs	109	141	153
Goods and services tax payables	70	57	168
	<u>2,576</u>	<u>3,265</u>	<u>3,747</u>
Less: Other payables classified as non-current liabilities	<u>(84)</u>	<u>(105)</u>	<u>(70)</u>
	<u>2,492</u>	<u>3,160</u>	<u>3,677</u>

As at 31 December 2015, 2016 and 2017, we had trade and other payables of approximately S\$2.5 million, S\$3.2 million and S\$3.7 million.

FINANCIAL INFORMATION

Trade payables

During the Track Record Period, our trade payables mainly represent payables to our suppliers for purchases of food ingredients and beverages and we were granted approximately 60 days after receipt of the invoice to settle such trade payables. Trade payables are normally settled on 60 days' term and are non-interest bearing.

Our trade payables increased by approximately S\$0.5 million or 64.5% from approximately S\$0.8 million as at 31 December 2015 to S\$1.4 million as at 31 December 2016 mainly contributable to the increase in purchases of food ingredients and beverage upon the opening of three new restaurants in 2016, namely Central (RWS), Central (WL) and Greyhound (PG). Our trade payables decreased from approximately S\$1.4 million as at 31 December 2016 to S\$1.0 million as at 31 December 2017 primarily due to the settlement of long outstanding trade payables. For further details, please refer to note 19 to the accountant's report included in Appendix I to this prospectus.

An aging analysis of our trade payables as at 31 December 2015, 31 December 2016 and 31 December 2017 based on the invoice date is as follows:

	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Less than 30 days	372	524	442
31 to 60 days	245	443	364
61 to 90 days	141	210	134
More than 90 days	70	185	20
	<u>828</u>	<u>1,362</u>	<u>960</u>

The table below sets forth our trade payables turnover days as at the respective dates indicated:

	For the year ended 31 December		
	2015	2016	2017
Trade payables turnover days ⁽¹⁾	90	103	92

- (1) Average trade payables is the sum of trade payables at the beginning of the period plus the trade payables at the end of the period divided by two. Trade payables turnover days is equal to the average trade payables divided by cost of inventories sold and consumed and multiplied by 365 days for each of the years ended 31 December 2015, 2016 and 2017.

Our trade payables turnover days increased from 90 days for the year ended 31 December 2015 to 103 days for the year ended 31 December 2016 mainly contributable to the increase in purchases of food ingredients and beverages which was in line with the growth of our Group's cost of inventories of the same period. Our trade payables turnover days subsequently decreased to 92 days for the year ended 31 December 2017.

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Trade payable turnover days of our Group were considered longer than the credit terms normally granted by our five largest suppliers of 30 days. It is mainly attributable to our Group may not strictly follow the credit term granted by our five largest suppliers, given the long-term business relationship established with them, ranged from four to nine years.

As at 28 February 2018, approximately S\$0.6 million or 64.6% of our trade payable as at 31 December 2017 have been subsequently settled.

Accrued expenses

Our accrued expenses mainly comprised accruals for staff costs, accruals for utility expenses and rental expenses, and accruals for professional fees. Our accrued expenses decreased by S\$0.2 million from S\$1.2 million as at 31 December 2015 to S\$1.0 million as at 31 December 2016. The decrease was primarily due to the reclassification of renovation costs from accrued expenses to other payables. Our accrued expenses increased by S\$0.6 million from S\$1.0 million as at 31 December 2016 to S\$1.6 million as at 31 December 2017. The increase was primarily due to the accruals for professional fees related to the Listing incurred during the year ended 31 December 2017.

Other payables

As at 31 December 2015 and 2016, our other payables mainly comprised of renovation costs payable. Our other payables increased by approximately S\$0.2 million from S\$0.2 million as at 31 December 2015 to S\$0.4 million as at 31 December 2016. The increase was mainly attributable to the renovation costs owing to the contractors for the three new restaurants in Singapore.

Our other payables increased by S\$0.2 million from S\$0.4 million as at 31 December 2016 to S\$0.6 million as at 31 December 2017. The increase was mainly attributable to the increase in professional fee accrued relating to the Listing and renovation costs for the two new restaurants in Singapore and two new self-operated bakery retail outlets in Malaysia.

Provision for reinstatement costs

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
At 1 January	115	109	141
Additions	20	41	22
Utilisation	(18)	(8)	(8)
Exchange difference	(8)	(1)	(2)
	<u>109</u>	<u>141</u>	<u>153</u>
At 31 December	<u>109</u>	<u>141</u>	<u>153</u>

FINANCIAL INFORMATION

Provision for reinstatement costs is recognised when the Group entered into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. The Group incurred reinstatement costs for certain closed outlets during the year ended 31 December 2015, 2016 and 2017, respectively. We had provision for reinstatement costs of S\$0.1 million, S\$0.1 million and S\$0.2 million as at 31 December 2015, 2016 and 2017.

Due to/ from a Director

During the Track Record Period, we entered into various transactions with our Director and related parties. The following table sets forth a breakdown of our amounts due from/to our Directors as at the dates indicated:

	As at 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Amount due from a Director	3,386	2,766	—
Amount due to a Director	636	412	—

During the Track Record Period, all the amount due from/ to a Director was from Ms. Low. The amount due from/ to a Director are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. All the amount due from/to a Director were fully settled as at the Latest Practicable Date. For details of these amounts due from/to a Director, please refer to note 25 to the accountant's report included in Appendix I to this prospectus.

Interest-bearing bank and other borrowings

For details of interest-bearing bank and other borrowings, please refer to the paragraph headed “— Indebtedness” in this section.

Tax payable

As at 31 December 2015, 2016 and 2017, we had tax payable of S\$0.3 million, S\$0.5 million and S\$0.3 million, respectively. For details of tax payable, income tax expense and deferred tax liabilities, see please refer to notes 11 and 21 to the accountant's report included in Appendix I to this prospectus.

INDEBTEDNESS

At the close of business on 28 February 2018, being the latest practicable date on which such information was available to us, our Group had outstanding indebtedness comprising term loan of S\$1.6 million and finance lease of S\$0.1 million. The term loan is guaranteed by one of our executive Directors. Any personal guarantees provided for our Group's indebtedness will be released/replaced by corporate guarantees provided by our Company upon or before Listing. As at 28 February 2018, our Group had unutilised banking facilities of approximately S\$0.7 million.

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As at the Latest Practical Date, our outstanding bank borrowing contained certain financial covenants, which includes: (i) the Group shall maintain a tangible net worth of not less than S\$2 million; (ii) the Group shall maintain gross debt over total net worth of not more than 2 times; and (iii) the Group shall maintain a minimum normalised debt service coverage ratio (the ratio of net profit after tax, plus depreciation, amortisation and interest expenses divided by the sum of interest expenses incurred for the financial year and the principal payable in the following financial year) of 1.45 times and 1.75 times for the financial year ending 31 December 2018 and 2019, respectively. As at 31 December 2017, our Group maintained a tangible net worth of S\$5 million and gross debt over total net worth of 1.2 times. Our Group was not required to maintain a minimum normalised debt services coverage ratio for the year ended 31 December 2017.

Our Directors confirm that our Group had no substantial delay in any payment or breached any of the financial covenants pertaining to our outstanding indebtedness during the Track Record Period and up to the Latest Practicable Date.

The table below sets out the indebtedness of our Group as at the respective dates indicated:

	As at 31 December 2015 S\$'000	As at 31 December 2016 S\$'000	As at 31 December 2017 S\$'000	As at 28 February 2018 S\$'000 (unaudited)
Current liabilities				
Bank loans	433	692	645	653
Property loans	25	26	—	—
Obligations under finance leases	35	38	37	38
Bank overdrafts	—	—	—	—
	<u>493</u>	<u>756</u>	<u>682</u>	<u>691</u>
Non-current liabilities				
Bank loans	559	1,065	1,045	934
Property loans	516	481	—	—
Obligations under finance leases	50	46	79	74
	<u>1,125</u>	<u>1,592</u>	<u>1,124</u>	<u>1,008</u>
Total	<u><u>1,618</u></u>	<u><u>2,348</u></u>	<u><u>1,806</u></u>	<u><u>1,699</u></u>

FINANCIAL INFORMATION

The following table sets forth a breakdown of our bank borrowings as at 31 December 2015, 31 December 2016, 31 December 2017 and 28 February 2018 by scheduled repayment date:

	As at 31 December			As at 28 February
	2015	2016	2017	2018
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Within one year	493	756	682	691
In the second year	98	216	726	734
In the third to fifth years	511	895	398	274
Over five years	516	481	—	—
	<u>1,618</u>	<u>2,348</u>	<u>1,806</u>	<u>1,699</u>

For details of our interest-bearing bank and other borrowings, please refer to note 20 to the accountant's report included in Appendix I to this prospectus.

CAPITAL EXPENDITURES

The following table sets out our capital expenditures for the periods indicated. Our capital expenditures were funded out of the cash generated from operations and bank borrowings.

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Property, plant and equipment			
Kitchen and bar equipment	45	193	168
Motor vehicles	37	37	10
Furniture and fittings	23	105	193
Computers and office equipments	56	84	37
Leasehold improvement	854	1,038	216
	<u>1,015</u>	<u>1,457</u>	<u>624</u>
Intangible asset			
Franchise licence	—	243	—
Total	<u>1,015</u>	<u>1,700</u>	<u>624</u>

We plan to finance future capital expenditures primarily through the net proceeds of the Share Offer, bank borrowings as well as from cash flows generated from operations. As our Group continues to expand, we may incur additional capital expenditures. We expect to open new outlets, increase headcount and set up new head office. For more details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

FINANCIAL INFORMATION

CONTRACTUAL AND CAPITAL COMMITMENTS

As at 31 December 2017, under the Greyhound Franchise Agreement, our Group is committed to open three more franchised “Greyhound Café” restaurants in Singapore within 5 years from the date of the Greyhound Franchise Agreement.

OPERATING LEASE COMMITMENTS

Our Group leases certain of our restaurants, outlets and office premises under operating lease arrangements with terms ranging from one to four years.

As at 31 December 2015, 2016 and 2017, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Within one year	3,422	3,799	3,852
In the second to fifth years, inclusive	<u>6,025</u>	<u>4,050</u>	<u>3,271</u>
	<u>9,447</u>	<u>7,849</u>	<u>7,123</u>

The operating lease rentals of certain restaurants are based solely on the sales of those restaurants or on the higher of a fixed rental and contingent rent based on the sales of those restaurants. Our Directors are of the view that, as the future sales of those restaurants could not be accurately estimated, the relevant rental commitments have not been included in operating lease arrangement.

FINANCIAL INFORMATION

FINANCE LEASE COMMITMENT

The Group had finance leases for certain items of equipment and motor vehicles. These leases are classified as finance leases and have remaining lease terms of three years as at 31 December 2017. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments were as follows:

	As at 31 December					
	2015		2016		2017	
	Minimum	Present	Minimum	Present	Minimum	Present
	lease	value of	lease	value of	lease	value of
	payments	minimum	payments	minimum	payments	minimum
	S\$'000	lease	S\$'000	lease	S\$'000	lease
	S\$'000	payments	S\$'000	payments	S\$'000	payments
Not later than one year	39	35	43	38	45	37
Later than one year but not later than five years	55	50	51	46	85	79
	94	85	94	84	130	116
Less: Amounts representing finance charges	(9)	—	(10)	—	(14)	—
Present value of finance lease liabilities	85	85	84	84	116	116

CONTINGENT LIABILITIES

As at the Latest Practicable Date, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. The Directors confirm that as at the Latest Practicable Date, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

During the Track Record Period, our related party transactions included (i) amounts due from Ms. Low; (ii) amounts due to Ms. Low; (iii) guarantee given by Ms. Low on our Group's bank borrowings, bank overdrafts, banking facilities and/or finance leases; (iv) transactions with Yu Cuisine, Bread Story Concept and Loaves and Fishes; and (v) compensation of key management personnel of the Company.

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The amounts due from Ms. Low, being our executive Director, were non-trade in nature, unsecured, non-interest bearing and had no fixed terms of repayment. The amounts due to Ms. Low, were non-trade in nature, unsecured, non-interest bearing and had no fixed terms of repayment. All outstanding balances of the aforesaid amounts due from/to Ms. Low had been settled as at the Latest Practicable Date.

Guarantees given by Ms. Low will be released/ replaced by a corporate guarantee to be provided by our Company upon Listing.

Our Directors are of the view that our Group's related-party transactions with Yu Cuisine, Bread Story Concept and Loaves and Fishes during the Track Record Period were conducted on normal commercial term. Set out below is a summary of the details of our Group's transactions with these related parties during the Track Record Period:

Name of related party	Nature of transaction	Year ended 31 December		
		2015 S\$'000	2016 S\$'000	2017 S\$'000
Bread Story Concept	Set-up, training and transfer of know-how	83	—	—
Yu Cuisine	Sales of food ingredients	14	14	—
	Purchase of food ingredients	(87)	(133)	—
Loaves and Fishes	Purchase of marketing materials	(2)	—	(1)

Please refer to note 25 to the Accountants' Report as set out in Appendix I to this prospectus and the paragraph headed "Indebtedness" in this section for more information.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, we had no other material off-balance sheet arrangements.

CAPITAL MANAGEMENT AND FINANCIAL RISK MANAGEMENT

Capital management

The primary objective of our Group's capital management is to safeguard our Group's ability to continue as a going concern and to provide adequate cash flows to meet its operating requirements.

Our Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, our Group may adjust the dividend payment to Shareholder, return capital to Shareholder or issue new shares. No changes were made to the objectives, policies or processes for the years ended 31 December 2015, 2016 and 2017.

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Our Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the total equity. Our Group's policy is to keep the gearing ratio at a reasonable level. Please refer to note 28 of the Accountant's Report in Appendix I to this prospectus for details.

Financial risk management

During the Track Record Period, our Group was subject to minimal foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currency of the operating subsidiaries of our Group, i.e. S\$ or RM. Our Group does not have a foreign exchange or hedging policy. However, our management will monitor foreign exchange exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Our Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. For further details, please refer to note 28 to the Accountants' Report included in Appendix I to this prospectus.

KEY FINANCIAL RATIOS

	As at/Year ended 31 December		
	2015	2016	2017
Current ratio ⁽¹⁾ (times)	1.4	1.1	1.5
Quick ratio ⁽²⁾ (times)	1.4	1.0	1.4
Gearing ratio ⁽³⁾ (%)	47.7	80.0	35.7
			Net cash
Debt to equity ratio ⁽⁴⁾ (%)	14.1	35.4	position
Interest coverage ⁽⁵⁾ (times)	11.1	11.6	N/A
Return on total assets ⁽⁶⁾ (%)	8.6	14.4	(20.6)
Return on equity ⁽⁷⁾ (%)	21.7	46.6	(44.7)
Net profit margin ⁽⁸⁾ (%)	5.7	8.9	N/A ⁽⁹⁾
Net profit margin (excluding listing expenses) ⁽¹⁰⁾ (%)	5.7	8.9	4.6

Notes:

- Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective period end.
- Quick ratio is calculated based on the total current assets less inventories divided by the total current liabilities as at the respective period end.
- Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective period end and multiplied by 100%.

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4. Debt to equity ratio is calculated by the net debt (all borrowings net of cash and cash equivalents) divided by the total equity as at the respective period end.
5. Interest coverage is calculated by the profit before interest and tax for the period divided by the interest expenses for the respective period.
6. Return on total assets is calculated by the net profit/(loss) for the period divided by the total assets as at the respective period end and multiplied by 100%.
7. Return on equity is calculated by the net profit/(loss) for the period divided by the total equity as at the respective period end and multiplied by 100%.
8. Net profit margin is calculated by the net profit for the period divided by the revenue for the respective period and multiplied by 100%.
9. Net profit margin is not applicable for the year ended 31 December 2017 as net loss was recorded during such period.
10. Net profit margin (excluding listing expenses) is calculated by the adjusted net profit (excluding listing expenses) divided by the revenue for the respective period and multiplied by 100%. The terms of net profit margin (excluding listing expenses) are not defined under IFRS. Please see section headed “Financial Information — Non-IFRS Measures” in this prospectus for details.

Current ratio

Our Group’s current ratio decreased from 1.4 times as at 31 December 2015 to 1.1 times as at 31 December 2016. The decrease is mainly due to the decrease in amounts due from a Director of the Company from approximately S\$3.4 million as at 31 December 2015 to S\$2.8 million as at 31 December 2016, as a result of the declaration of interim dividends during the year ended 31 December 2016. Our Group’s current ratio subsequently increased to 1.5 times as at 31 December 2017 primarily due to the increase in cash and cash equivalents mainly due to the receipt of proceeds from pre-IPO investment.

Quick ratio

Our Group’s quick ratio decreased from 1.4 times as at 31 December 2015 to 1.0 time as at 31 December 2016. Our Group’s quick ratio is in similar trend with our Group’s current ratio as we held minimal inventory during the Track Record Period. Our Group’s quick ratio subsequently increased to 1.4 times as at 31 December 2017 primarily due to the increase in cash and cash equivalents mainly due to the receipt of proceeds from pre-IPO investment.

Gearing ratio

Our Group’s gearing ratio increased from 47.7% as at 31 December 2015 to 80.0% as at 31 December 2016, which mainly contributable to the increase in term loans from S\$1.6 million to S\$2.3 million in order to finance the opening of three new restaurants and three new self-operated bakery retail outlets during the year ended 31 December 2016. Our Group’s gearing ratio subsequently decreased to 35.7% as at 31 December 2017 primarily due to the increase in cash and cash equivalents mainly due to the receipt of proceeds from pre-IPO investment.

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Debt to equity ratio

Our Group's debt to equity ratio increased from 14.1% as at 31 December 2015 to 35.4% as at 31 December 2016, which is in similar trend with our Group's gearing ratio. We had net cash position as at 31 December 2017 due to the receipt of proceeds from pre-IPO investment.

Interest coverage

Our Group's interest coverage increased from 11.1 times for the year ended 31 December 2015 to 11.6 times for the year ended 31 December 2016 while interest coverage is not applicable for the year ended 31 December 2017 as loss before interest and tax was recorded during such period. The increase for the year ended 31 December 2016 was mainly due to the increase in net profit by approximately S\$0.7 million which off-set the increase in interest expense incurred during the year ended 31 December 2016.

Return on total assets

Our Group's return on total assets increased from 8.6% for the year ended 31 December 2015 to 14.4% for the year ended 31 December 2016. The increase was primarily due to the increase in net profit from approximately S\$0.7 million for the year ended 31 December 2015 to S\$1.4 million for the year ended 31 December 2016. We recorded a negative return on total assets of 20.6% for the year ended 31 December 2017 which was mainly due to the Listing expenses of S\$3.2 million, which resulted in a loss for the year ended 31 December 2017.

Return on equity

Our Group's return on equity increased from 21.7% for the year ended 31 December 2015 to 46.6% for the year ended 31 December 2016. The increase was primarily due to the increase in net profit from approximately S\$0.7 million for the year ended 31 December 2015 to S\$1.4 million for the year ended 31 December 2016. We recorded a negative return on equity of 44.7% for the year ended 31 December 2017 which was mainly due to the Listing expenses of S\$3.2 million, which resulted in a loss for the year ended 31 December 2017.

Net profit margin

Our Group's net profit margin increased from 5.7% for the year ended 31 December 2015 to 8.9% for the year ended 31 December 2016. The increase in net profit margin for the year ended 31 December 2016 was mainly contributable to the increase in revenue from our "Central Hong Kong Café" restaurants by 29.8% from approximately S\$5.3 million for the year ended 31 December 2015 to S\$6.8 million for the year ended 31 December 2016.

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Our net profit margin decreased from 8.9% for the year ended 31 December 2016 to 4.6% for the year ended 31 December 2017 if we excluded the non-recurring listing expenses. The decrease in net profit margin was mainly attributable to (i) the increase in staff costs as a result of the increase in head counts at our head office; (ii) the increase in rental and related expenses as a result of the opening of two new restaurants, namely Central (WL) and Greyhound (PG), in the end of 2016; and (iii) the non-recurring unrealised exchange loss arise from the receipt of pre-IPO proceeds in 2017. For detailed analysis of operational performance of our dining operations in Singapore, please refer to the paragraph headed “Business—Operational performance of our dining operations in Singapore” in this prospectus.

DIVIDEND

During the three years ended 31 December 2015, 2016 and 2017, subsidiaries of our Company declared dividends of nil, S\$2.3 million and S\$1.5 million, respectively to Ms. Low. The dividends payables have been settled against the amount due from a director of the Company.

In future, declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders’ approval, but no dividend shall be declared in excess of the amount recommended by the Board. 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 results of operations, financial condition, the payment by our subsidiaries of cash dividends to us, and other factors the 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 the Board or at all. The 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 the Company in the future.

As at the Latest Practicable Date, we did not have any specific dividend policy nor pre-determined dividend payout ratios.

LISTING EXPENSES

Assuming the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the total amount of expenses in relation to the Listing are estimated to be approximately HK\$32.6 million including the underwriting commission of approximately HK\$1.7 million and other listing expenses and fees (including SFC transaction levy and Stock Exchange trading fee) of approximately HK\$30.9 million. The Selling Shareholder shall bear the underwriting commission in the amount of approximately HK\$0.2 million which represents the underwriting commission attributable to the sale of Sale Shares in the Placing. The remaining listing expenses, fees and underwriting commission of approximately HK\$32.4 million shall be borne by our Company, of which approximately HK\$18.5 million has been recorded in our Group’s consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017. Our Group expects to further recognise approximately HK\$6.5 million for the year ending 31 December 2018, and approximately HK\$7.4 million of its estimated listing expenses is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity in accordance with the relevant accounting standard after Listing.

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EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO LISTING EXPENSES

Our net profit for the year ended 31 December 2017 have a considerable reduction due to the incurrence of listing expenses during the year ended 31 December 2017. Our financial performance for the year ended 31 December 2017 was affected by such expenses as compared with our financial performance for the year ended 31 December 2016.

DISTRIBUTABLE RESERVES

As at 31 December 2017, our Company had no reserves available for distribution to our Shareholders.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

Please refer to Appendix II to this prospectus for the unaudited pro forma adjusted consolidated net tangible assets.

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.

NO MATERIAL ADVERSE CHANGE

Save for the non-recurring expenses related to the Listing, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial, operational or trading position since 31 December 2017, being the end of the period reported on in the Accountants' Report in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES

Our Group will endeavour to expand our business operations and by adopting our business strategies through the following implementation plans. For details of our business strategies, please see the section headed “Business — Our Strategies” in this prospectus. Investors should note that the implementation plans and their scheduled times for attainment are formulated on the bases and assumptions referred to the paragraph headed “Bases and assumptions” in this section. These bases and assumptions are subject to uncertainties, variables and unpredictable factors, in particular the risk factors set out in the section headed “Risk Factors” in this prospectus. Our Group’s actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that the plans of our Group will be materialised in accordance with the expected time frame or that the business objectives of our Group will be accomplished at all.

IMPLEMENTATION PLANS

We will endeavour to achieve the following milestone events for the period from the Latest Practicable Date up to 30 June 2019, and their respective scheduled completion times are based on certain bases and assumptions as set out in “— Bases and assumptions”.

From the Latest Practicable Date up to the six months ending 30 June 2018

Business strategy	Implementation plan	Use of proceeds
Continue to expand our dining operations in Singapore	- Setting up one new restaurant under our “Central Hong Kong Café” brand and one new restaurant under the franchised “Greyhound Café” brand. - Employ additional 14 and 28 staff for setting up of one new restaurant under our “Central Hong Kong Café” brand and one new restaurant under the franchised “Greyhound Café” brand, respectively.	HK\$8.2 million
Setting up new head office and enhance our work force	- Setting up our new head office in Singapore. - Employ additional two and three staff in Singapore and Malaysia, respectively, including human resources staff, sales and marketing staff and accounting staff.	HK\$2.0 million

FUTURE PLANS AND USE OF PROCEEDS

Business strategy	Implementation plan	Use of proceeds
Further enhance our brand recognition in Singapore and Malaysia	- Implement corporate branding and identity for our dining operations in Singapore which includes the printing of marketing materials and advertisement. - Maintain and improve our corporate websites which includes appointing an external consultant for customised e-commerce web development. - Social media management which includes appointing a professional public relations company to manage posts on various social media platform.	HK\$0.1 million
Upgrade our information technology systems	- Upgrading our hardware equipment including POS system for our Malaysia artisanal bakery chain operations. - Upgrading our hardware equipment for our dining operations in Singapore.	HK\$0.3 million

For the six months ending 31 December 2018

Business strategy	Implementation plan	Use of proceeds
Continue to expand our dining operations in Singapore	- Setting up one new restaurant under our “Black Society Café” brand. - Employ additional 28 staff for setting up of one new restaurant under our “Black Society Café” brand. - Retain the staff recruited for setting up of one new restaurant under our “Central Hong Kong Café” brand and one new restaurant under the franchised “Greyhound Café” brand during the six months ending 30 June 2018.	HK\$10.2 million

FUTURE PLANS AND USE OF PROCEEDS

Setting up new head office and enhance our work force	Retain the staff recruited during the six months ending 30 June 2018 and maintenance of our new head office in Singapore.	HK\$1.0 million
Further enhance our brand recognition in Singapore and Malaysia	- Implement corporate branding and identity for our dining operations in Singapore which includes the printing of marketing materials and advertisement. - Maintain and improve our corporate websites. - Social media management which includes appointing a professional public relations company to manage posts on various social media platform.	HK\$0.1 million

For the six months ended 30 June 2019

Business strategy	Implementation plan	Use of proceed
Continue to expand our dining operations in Singapore	Retain the staff recruited for setting up of one new restaurant under our “Black Society Café” brand and one new restaurant under our “Central Hong Kong Café” brand during the year ending 31 December 2018.	HK\$4.1 million
Setting up new head office and enhance our workforce	Retain the staff recruited during the year ending 31 December 2018 and maintenance of our new head office.	HK\$0.9 million
Further enhance our brand recognition in Singapore and Malaysia	- Implement corporate branding and identity for our dining operations in Singapore which includes the printing of marketing materials and advertisement. - Maintain and improve our corporate websites. - Social media management which includes appointing a professional public relations company to manage posts on various social media platform.	HK\$0.1 million

FUTURE PLANS AND USE OF PROCEEDS

Continue to expand our dining operations in Singapore

We intend to open approximately three new restaurants in Singapore in the year ending 31 December 2018. Among the three new restaurants, two new restaurants will be opened under each of our “Central Hong Kong Café” brand and “Black Society Café” brand and one new restaurant will be opened under the franchised “Greyhound Café” brand under the Greyhound Franchise Agreement. It is our Group’s business strategy to continue to expand our dining operations in Singapore to have our different brands of restaurants spread across different districts and be accessible by the train stations along the MRT network in Singapore. As such our Group will be able to further penetrate into the Singapore’s Asian FSRs market, serving customers in different districts of Singapore and thus increasing our market share. According to the Euromonitor Report, Singapore’s Asian FSRs market is fragmented and competition is intense with many players, with approximately 915 outlets in 2016. Our Group operated eight restaurants in Singapore as at the Latest Practicable Date and occupied less than 1% of market share in terms of revenue in 2016. Based on the abovementioned, we intend to increase our market share by opening our brand of restaurants in suitable and strategic locations, including locations where we have not established our presence. The operating margin of our dining operations in Singapore increased by 5% from 12% for the year ended 31 December 2015 to 17% for the year ended 31 December 2016 and remain stable at approximately 17% for the year ended 31 December 2017. By means of opening the three new restaurants, we believe that our Group can further benefit from the economies of scale such as enhancing our bargaining power over suppliers and enjoying bulk purchase discounts by means of opening these new restaurants.

Even though the overall daily average number of customer visits per comparable restaurant decreased for the year ended 31 December 2017, our Directors believe that through (i) the upgrade of festive season menu of “Black Society” restaurant in 2017 and (ii) the “Central Hong Kong Café” restaurant-wide menu upgrade implemented in the second half year of 2016, the overall average spending per customer per meal per comparable restaurant and total comparable restaurant sales increased during the same period. For details of the operational performance of our comparable restaurants by brand during the Track Record Period, please refer to the section headed “Financial Information — Factors affecting our financial results — comparable restaurant sales”. Further, in view of increasing the market demand for our dining operations in Singapore, our Group will periodically reassess our menu offering and reinvent our existing brands to reflect current market trends and cater to our target customers.

We have yet to determine the locations but the locations being considered are within the Central Region (except for one “Central Hong Kong Café” restaurant to be opened in the East Region). We intend to open the new franchised “Greyhound Café” restaurant outside the Orchard area while the existing “Greyhound Café” restaurant is located within the Orchard area. We intend to open the new “Black Society Café” restaurant within the Orchard area while our “Black Society” restaurant is located outside the Orchard area. We intend to open one new “Central Hong Kong Café” restaurant in the East Region, which is outside the existing network of our “Central Hong Kong Café”

FUTURE PLANS AND USE OF PROCEEDS

restaurants. Through the opening of these three new restaurants, our Group will be able to further penetrate in different districts in Singapore. Details of each of the planned new restaurants are as follows:

Brand of restaurant	Planned location	Estimated floor area (sq.ft.)	Estimated number of seats
“Central Hong Kong Café”	East Region	1,600	80-90
“Black Society Café”	Orchard	3,000	100-120
“Greyhound Café”	Central Region	3,500	120-140

As at the Latest Practicable Date, our Group operated six out of our eight restaurants in the Central Region which is the most populous area in Singapore with high customer traffic. Central Region can be classified into Central Area and outside Central Area, where Orchard is located within the Central Area. Our restaurants located in the Central Region, are situated in different districts and accessible by their respective train station along the MRT network in Singapore. For instance, Central (VC) is located near HarbourFront MRT station, Central (SV) is located near Buona Vista MRT station, Greyhound (PG) is located near Orchard MRT station. For details of the location and the nearest train station of our existing restaurants, please refer to the paragraph headed “Business — Our dining operations in Singapore” in this prospectus. According to the Euromonitor Report, the top five leading food and beverage operators in Singapore’s Asian FSRs market have an intense distribution of outlets located in the Central Region. Central Region is one of the popular regions for food and beverage operators to grow their market presence in Singapore. Our Directors are of the view that setting up the new “Black Society Cafe” and “Greyhound Cafe” restaurants in the Central Region is an appropriate strategy to achieve our objective of increasing market share of our Group and setting up the new “Central Hong Kong Cafe” restaurant in the East Region can extend our presence to new location in Singapore. Our Directors consider that the opening of new restaurants in the Central Region would not lead to cannibalisation between our Group’s existing and new restaurants, given that (i) our six existing restaurants are established across different districts and train stations along the MRT network in Singapore, although within the Central Region; (ii) our Group’s dining operations is operated under a multi-brand business model, whereas our “Black Society” brand offers Chinese cuisines with a contemporary twist in a full service environment, our “Central Hong Kong Café” brand primarily focuses on offering a casual and authentic Cha Chaan Teng experience and the franchised “Greyhound Café” brand provides stylish and trendy ambience which serves a specialised Thai menu with creative twists; and (iii) it is also our Directors’ intention to establish more restaurants within the Central Region, with the aim of further brand exposure and capturing more market share within the Central Region. Our Directors consider that the opening of new “Greyhound Café” restaurant in the Central Region would not lead to cannibalisation between our Group’s existing and new “Greyhound Café” restaurants given that the two restaurants would be situated in different districts and accessible by their respective train station along the MRT network in Singapore.

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As at the Latest Practicable Date, no lease agreement had been entered into in respect of the planned new restaurants. The estimated initial outlays of the planned new restaurants, which includes initial deposits to landlords, renovations, furnitures and fixtures, and other initial set-up costs, are expected to be approximately HK\$12.4 million, which will be funded by the net proceeds from the Share Offer. From 1 January 2018 until the Latest Practicable Date, we did not incur any capital expenditures in respect of the planned new restaurants for the expansion of our dining operations in Singapore. During the Track Record Period, the breakeven period of our restaurants was generally between one to seven months. At the initial planning stage for our new restaurants, our Directors target an investment payback period within 30 months. The historical breakeven period and investment payback period for our restaurants operated during the Track Record Period are not indicative of our future performance as our Group's revenue, expenses and operating results may vary from period to period in response to a variety of factors beyond our control. Our Directors believe that given the potential locations of the new restaurants are in an environment similar to most of our other locations, the breakeven period for the new restaurants is estimated to be similar to those for most of our other locations, which is one to seven months and the investment payback period is estimated to be within 30 months. For further details of our breakeven period and investment payback period, please refer to the section headed "Business — Operational performance of our dining operations in Singapore — Breakeven point and investment payback period" in this prospectus.

Set up new head office and enhance our workforce

Our Group intends to relocate our current leased offices to a new Singapore head office in the second quarter of 2018. We currently have two leased offices in the Central Region to support our dining operations in Singapore. Though within the same building, they are located separately from each other. The terms of our two current leased offices will be expired on 30 April 2019 and 27 April 2019, respectively. There is no penalty for early termination of the lease agreement of the current leased offices. Our Directors currently have no intention to renew the aforesaid tenancies and plan to lease a new office with a gross floor area of approximately 2,500 sq. ft. with a monthly rental of approximately S\$12,500 (equivalent to approximately HK\$72,000) in the Central Region. Our Directors believe that by relocated to a centralised office, our staff efficiency will be improved and thereby be able to better support our dining operations in Singapore. For further details of our leased properties, please refer to the section headed "Business — Our property interests — Lease properties" in this prospectus.

Further enhance our brand recognition in Singapore and Malaysia

Our Directors consider that the value and confidence that customers would place in our brands are highly associated with the ways in which our brands are perceived by the community at which our restaurants and bakery retail outlets operates. As such, our Group intends to use a part of the net proceeds from the Listing to further explore ways to increase our social media exposure, improve customers experience when using our websites and methods in which our customers is able to better identify themselves with our brands.

FUTURE PLANS AND USE OF PROCEEDS

Our Group also intends to use part of the net proceeds from the Listing to improve and upgrade the information technology systems used by our dining operations in Singapore and artisanal bakery chain in Malaysia. Our Directors consider that an upgrade in the hardware equipment for our dining operations in Singapore and software enhancement of our current POS system for our artisanal bakery chain in Malaysia would improve staff efficiency and further enhance our customers' experience when visiting our restaurants and/or bakery retail outlets. For further details of the information technology systems used by us, please refer to the section headed "Business — Information technology" in this prospectus.

BASES AND ASSUMPTIONS

The implementation plans set out by our Directors are based on the following bases and assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group's future plans described in this prospectus from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by our Group;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed "Risk Factors" in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

USE OF PROCEEDS

We estimate that the net proceeds from the Share Offer received by our Group, based on the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$0.5 to HK\$0.6 per Offer Share, after deducting the related expenses borne by our Group of approximately HK\$32.4 million, are estimated to be approximately HK\$29.5 million. We intend to apply such net proceeds as follows:

	From the Latest Practicable Date to 30 June 2018 <i>HK\$' million</i>	For the six months ending 31 December 2018 <i>HK\$' million</i>	For the six months ending 30 June 2019 <i>HK\$' million</i>	Total <i>HK\$' million</i>	Approximate % of net proceeds
Continue to expand our dining operations in Singapore	8.2	10.2	4.1	22.5	76.3
Setting up new head office and enhance our workforce	2.0	1.0	0.9	3.9	13.2
Further enhance our brand recognition in Singapore and Malaysia	0.1	0.1	0.1	0.3	1.0
Upgrade our information technology system	0.3	—	—	0.3	1.0
General working capital	0.8	0.9	0.8	2.5	8.5
Total	11.4	12.2	5.9	29.5	100

If the final Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds of the Share Offer will increase or decrease by approximately HK\$5.6 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above irrespective of whether the Offer Price is determined at the highest or lowest of the indicative Offer Price range.

The net proceeds of the Sale Shares, being an aggregate of 12,500,000 Shares, based on the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.5 and HK\$0.6 per Offer Share, would be approximately HK\$6.7 million representing 18.5% of the total net proceeds from the Share Offer. The net proceeds of the Sale Shares will be attributable to our Selling Shareholder only and will not belong to our Company.

Our Directors consider that the net proceeds from the Share Offer will be sufficient to finance our Group's business plans up to 30 June 2019.

To the extent that the net proceeds from the issue of the Share Offer are not immediately required for the purposes above, it is the present intention of our Directors that such net proceeds will be placed on short-term interest bearing deposits with authorised financial institutions in Hong Kong. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use

FUTURE PLANS AND USE OF PROCEEDS

of proceeds as described above, our Group will issue an announcement in accordance with the GEM Listing Rules. In the event that the net proceeds from the Share Offer are insufficient to finance the expenditure as mentioned above, the shortfall will be financed by the internal resources of our Group and/or external borrowings.

Reasons for the Listing

We believe that the Listing and proceeds from the Share Offer will enhance our capital base and facilitate the implementation of our business strategies. The below are our key reasons for the Listing:

Implement our business plans to capture more market share in the industry

The net proceeds from the Share Offer will provide financial resources to our Group for our business plans as set out in the section headed “Business — Our strategies” in this prospectus. A public listing status on GEM will also raise our Group’s reputation amongst our competitors, which will further strengthen our market position in the consumer foodservice industry in Singapore and artisanal bakery industry in Malaysia. According to the Euromonitor Report, Singapore’s Asian FSRs market is fragmented and competition is intense with many players, with approximately 915 outlets in 2016. Our Group operated eight restaurants in Singapore as at the Latest Practicable Date and occupied less than 1% of market share in terms of revenue in 2016. We expect that we can capture more market shares by expanding our dining operations in Singapore through the opening of three new restaurants in Singapore by the end of 2018.

Strengthen our Group’s corporate profile

A public listing status will also enhance (i) our corporate profile to the general public as well as potential investors and (ii) our creditability with suppliers. It helps reinforce our brand awareness, market reputation and our credibility to the public and potential business partners. It will also give our existing and prospective suppliers public access to our Group’s corporate and financial information, which could enhance confidence to our Group.

Provide a fund-raising platform for our Group

The Share Offer will provide a fund-raising platform for our Company, thereby enabling us to raise the capital required to finance our future growth and expansion without reliance on our Controlling Shareholder. Such platform would allow us to gain direct access to the capital market for equity and/or debt financing, both at the time of the Listing as well as at later stage, to fund our existing operations and future expansion, which could be instrumental to our expansion and improving our operating and financial performance to enhance Shareholder’s return.

Diversification of Shareholder base

Upon the Listing, our Shares will be freely traded on the Stock Exchange. A public listing status on GEM will offer us a broader shareholder base which could lead to a more liquid market in the trading of our Shares. We also believe that our internal control and corporate governance practices could be further enhanced following the Listing.

FUTURE PLANS AND USE OF PROCEEDS

Although the expenses in relation to the Listing represent a significant proportion of the gross proceeds from the Listing, such expenses are non-recurring by nature. For the reasons stated above, our Directors believe that the Share Offer is beneficial to us in the long run.

Our Group had cash and bank balance of approximately S\$3.6 million as at 31 December 2017, it was mainly due to the receipt of proceed from pre-IPO investment which will be utilised for (i) funding the upfront payments of professional fees in relation to the Listing and (ii) general working capital for our Group. The total amount of expenses in relation to the Listing to be borne by our Group are estimated to be approximately HK\$32.4 million. Our Directors believe that the existing cash level of the Group would not be sufficient to effect our future expansion plan.

Our Company has never applied for listing of our Shares in other jurisdictions including the Singapore Stock Exchange and Malaysia Stock Exchange. Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. The Stock Exchange is a suitable platform given its level of internationalism and maturity in the global financial world. According to the global ranking of stock exchanges by market capitalisation table available on the SFC website, the Stock Exchange ranked the seventh largest market of the world's leading stock exchanges in terms of market capitalisation as at the end of June 2017 with a total market capitalisation of approximately US\$3,674 billion. It was also the third largest stock market in Asia falling behind Japan and Shanghai as at the end of June 2017. Our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for the Group among international investors, and hence gain better access to international funding.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

Joint Bookrunners, Joint Lead Managers and Public Offer Underwriters

Frontpage Capital Limited

Topper Dragon Securities Limited

UNDERWRITING ARRANGEMENTS, COMMISSIONS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Public Offer Underwriting Agreement is conditional upon and subject to, amongst others, the Offer Price having been agreed between the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder).

Subject to, among other conditions, the Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers to subscribe for the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) shall have the right upon giving a written notice to our Company to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date if:

(A) there comes to the notice of the Joint Bookrunners that:

- (i) any statement, estimate, forecast or expression of opinion, intention or expectation contained in this prospectus or any other documents issued or used by or on behalf of the Company in connection with the Public Offer and the Placing (including any

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supplement or amendment thereto) (the “**Offer Documents**”) considered by the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in its reasonable opinion to be material, were, when they were issued, or have become, untrue, incorrect or misleading in any material respect or that any forecasts, expression of opinion, intention or expectation expressed in any Offer Documents are not, in the reasonable opinion of the Joint Bookrunners, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

- (ii) any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission therefrom considered by the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in its reasonable opinion to be material in the context of the Share Offer; or
- (iii) any of the representations and warranties given by the Company or the Controlling Shareholder or the executive Directors in the Public Offer Underwriting Agreement or the Placing Underwriting Agreement is (or would when repeated be) untrue, inaccurate or misleading or having been breached and considered by the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in their reasonable opinion to be material in the context of the Share Offer; or
- (iv) any material material breach of any of the obligations or undertakings imposed upon any party (other than the Joint Bookrunners, the Sponsor or the Underwriters) to any of the Underwriting Agreements; or
- (v) any material adverse change or prospective material adverse change in the conditions, business, prospects, assets and liabilities, in the financial or trading position or results of operations of any member of the Group which is considered by the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in its reasonable opinion to be material in the context of the Share Offer; or
- (vi) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (vii) the Company withdraws any of the Offer Documents and any other documents used in connection with the contemplated subscription of the Offer Shares or the Share Offer; or
- (viii) any matter, event, act or omission which gives or is likely to give rise to any material liability of the Company or the Controlling Shareholder or the executive Directors pursuant to the indemnities contained in the Public Offer Underwriting Agreement; or

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- (ix) any expert (other than the Joint Bookrunners and the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in the prospectus or to the issue of the prospectus; or
- (B) there shall develop, occur, exist or come into effect:
 - (i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in or representing any change or development in local, national, regional or international financial, political, military, industrial, legal, economic, currency market, fiscal or regulatory or market matters or conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a devaluation of the Singapore dollars or Malaysia ringgit against any foreign currencies) in or affecting Hong Kong, Singapore, Malaysia, the Cayman Islands, the United States, the United Kingdom, the European Union (or any member thereof), Japan, or any other jurisdiction relevant to the Group (each a “**Relevant Jurisdiction**”); or
 - (ii) any new laws or regulation or change or development involving a prospective change in any existing laws or regulation, or any change or development in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or
 - (iii) any event or series of events beyond the reasonable control of the Public Offer 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, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreak of disease or epidemics (including without limitation Severe Acute Respiratory Syndrome, avian influenza A (H5N1) and swine influenza (H1N1) and such related or mutated forms or interruption or delay in transportation)), in or affecting any of the Relevant Jurisdictions; or
 - (iv) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in or affecting any of the Relevant Jurisdictions; or
 - (v) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by the European Union (or any member thereof) on/affecting any of the Relevant Jurisdictions; or
 - (vi) (a) any suspension or limitation on trading in shares or securities generally on the Stock Exchange or (b) a general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared by the relevant authorities, or a disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or

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- (vii) any material adverse change or development or event involving a prospective material adverse change in the Group's assets, liabilities, profit, losses, performance, condition, business, financial, earnings, trading position or prospects; or
- (viii) any material adverse change or development or event involving a prospective material adverse change in taxation or exchange controls (or the implementation of any exchange control), currency exchange rates or foreign investment laws and regulations in any of the Relevant Jurisdictions or affecting an investment in the Shares; or
- (ix) 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 that will likely result in a material adverse change to the operations of the Group; or
- (x) any material litigation or claim (other than those disclosed in this prospectus) being threatened or instigated against the Company or any member of the Group or the Controlling Shareholder; or
- (xi) a Director 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
- (xii) the chairman or chief executive officer of the Company vacating his office in circumstances where the operations of the Group will be materially and adversely affected; or
- (xiii) the commencement by any judicial or regulatory body or organisation of any public action against a Director or an announcement by any judicial or regulatory body or organisation that it intends to take any such action and such Director may therefore be disqualified from management of a listed company; or
- (xiv) a material contravention by any member of the Group of the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any of the GEM Listing Rules; or
- (xv) a prohibition on the Company for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Share Offer; or
- (xvi) non-compliance of this prospectus or any other documents used in connection with the subscription of the Offer Shares or any aspect of the Share Offer with the GEM Listing Rules or any other applicable law or regulation; or
- (xvii) other than with the approval of the Joint Bookrunners, the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the subscription of the Offer Shares) pursuant to the Companies

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(Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules in circumstances where the matter to be disclosed is, in the reasonable opinion of the Joint Bookrunners, materially adverse to the marketing for or implementation of the Share Offer; or

(xviii) a valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group are liable prior to its stated maturity, or any loss or damage sustained by the Company or any of its subsidiaries (howsoever caused and whether or not the subject of any insurance or claim against any person) which will have a material adverse effect to the financial position of the Group; or

(xix) a petition is presented for the winding up or liquidation of the Company or any of its subsidiaries, or the Company or any member of the 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 the Company or any member of the Group or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any of member of the Group;

and which, in any of the above cases and in the reasonable opinion of the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters):

- (1) is or will be or is likely to be materially adverse to, or materially and prejudicially affect, the general affairs, management, business, financial, trading or other condition or prospects of the Company or the Group or any member of the Group or on any present or prospective shareholder in his, her or its capacity as such; or
- (2) has or will have or is likely to have a 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 and/or make it impracticable or inadvisable for any part of the Public Offer Underwriting Agreement (including underwriting), the Public Offer or the Share Offer to be performed or implemented as envisaged; or
- (3) makes or will or is likely to make it inadvisable, inexpedient or impracticable to proceed with the Public Offer and/or the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by this prospectus, or to market the Share Offer; or
- (4) would have the effect of preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof.

Undertakings pursuant to the Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Controlling Shareholder has undertaken to and covenanted with our Company, the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters that, during the relevant periods specified in Rule

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13.16A(1) of the GEM Listing Rules, if and when she pledges or charges any direct or indirect interest in any of the Shares in respect of which she is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”) 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, she must immediately inform our Company, the Sponsor and the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in writing of such pledge and charge, the number of the Relevant Securities so being pledged or charged and other details as required by Rule 17.43(1) to (4) of the GEM Listing Rules and, having pledged or charged any interest in the Relevant Securities, if and when she becomes aware that any pledgee or chargee thereof has disposed of or intends to dispose of such interest in the Relevant Securities, she must immediately inform our Company, the Sponsor and the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) in writing of such disposal or such intention of disposal and the number of the Relevant Securities affected.

Our Company has irrevocably and unconditionally undertaken to and covenanted with the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters, and our Controlling Shareholder and the executive Directors has irrevocably and unconditionally undertaken to and covenanted with the Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Public Offer Underwriters to procure that, save with the prior written consent of the Joint Bookrunners (for itself and on behalf of the Public Offer Underwriters) (such consent not to be unreasonably withheld or delayed) and save for Shares issued pursuant to the Share Offer or the exercise of any options that may be granted under the Share Option Scheme, and in compliance with the GEM Listing Rules and the applicable laws from time to time, our Company or any of its subsidiaries will not:

- (a) allot or issue or agree to allot or issue any shares or any other securities in our Company or any of its subsidiaries from time to time or grant or agree to grant any option, warrant or other right carrying the right to subscribe for, or otherwise convert into, or exchange for, any shares or any other securities of our Company or any of its subsidiaries during 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 the date which is 6 months from the Listing Date (“**First Lock-up Period**”);
- (b) issue any share or securities in our Company or grant or agree to grant any option, warrant or other right carrying the right to subscribe for or otherwise convert into or exchange for shares or securities in our Company or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such shares or securities during the period of 30 months commencing on the date immediately following the date on which the First Lock-up Period expires (“**Second Lock-up Period**”) to the extent that it would result in our Controlling Shareholder ceasing to be the controlling shareholder (which has the meaning ascribed to it under the GEM Listing Rules) of our Company or our Company ceasing to hold a controlling interest of 30% or more in any major subsidiary (which shall have the same meaning as in Rule 17.27(2) of the GEM Listing Rules) of our Group;
- (c) during the First Lock-up Period purchase any Shares or any other securities of our Company; and

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- (d) offer to or agree to do any of the foregoing or announce any intention to do so.

Placing

Placing Underwriting Agreement

In connection with the Placing, our Controlling Shareholder, Joint Lead Managers, the Selling Shareholder, executive Directors and our Company have entered into the Placing Underwriting Agreement with the Joint Bookrunners, Joint Lead Managers and the Placing Underwriters, on the 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 to subscribe for, or failing which they shall subscribe for, 112,500,000 Placing Shares (comprising 100,000,000 New Shares and 12,500,000 Sale Shares) initially being offered pursuant to the Placing. The Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. 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. Pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholder have made similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Underwriting arrangement, commissions and expenses — Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

Undertakings to the Stock Exchange

Our Controlling Shareholder has undertaken to and covenanted with the Stock Exchange, our Company, the Sponsor, the Joint Bookrunners and the Underwriters that save as provided in Rule 13.18 of the GEM Listing Rules, she shall not and shall procure that the relevant registered holder(s) of the Shares shall not:

- (a) in the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Relevant Securities; and
- (b) in the Second Lock-up Period, 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 Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she would cease to be a controlling shareholder (as defined under the GEM Listing Rules).

The restrictions in (a) shall not apply to any Shares which our Controlling Shareholder or any of her close associates may acquire or become interested in following the Listing Date, subject to compliance with the requirements of Rule 11.23 of the GEM Listing Rules to maintain an open market in the securities and a sufficient public float.

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Notwithstanding the above, nothing shall prevent the disposal of any interest of our Controlling Shareholder in the Relevant Securities (i) pursuant to a pledge or charge in favour of an Authorised Institution as security for a bona fide commercial loan, (ii) pursuant to a power of sale under the pledge or charge (granted pursuant to sub-paragraph (i)), (iii) on the death of our Controlling Shareholder or (iv) in any other exceptional circumstances to which the Stock Exchange has given its prior approval.

Our Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Commission and expenses

The Underwriters will receive a commission of 2.5% on the aggregate Offer Price of all the Offer Shares, out of which will, as the case may be, be applied to any sub-underwriting commissions and selling concession. Assuming the Offer Price of HK\$0.55 per Offer Share, being the mid-point of the indicative range of the Offer Price stated in this prospectus, the underwriting commission will be approximately HK\$1.7 million. The underwriting commission, documentation fee, Stock Exchange listing fees, brokerage, Stock Exchange trading fee, SFC transaction levy, legal and other professional fees together with applicable printing and other expense relating to the Share Offer are estimated to be approximately HK\$32.6 million, of which HK\$32.4 million will be borne by our Company and the remaining HK\$0.2 million will be borne by the Selling Shareholder.

Underwriters' interest in our Company

Save for its interests and obligations under the Underwriting Agreements and save as disclosed in this prospectus, none of the Underwriters or any of its close associates is interested beneficially or non-beneficially in any shares in any member of our Group nor has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares of any member of our Group.

Compliance Adviser's agreement

Under the Compliance Adviser's Agreement, our Company appoints Messis Capital and Messis Capital agrees to act as the compliance adviser to our Company for the purpose of the GEM Listing Rules for a fee from the Listing Date and ending on the date on which our Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is earlier.

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Sponsor's interest in our Company

Messis Capital, being the Sponsor, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save for the advisory and documentation fees to be paid to MESSIS Capital as the Sponsor to the Listing, its obligations under the Underwriting Agreements and the Compliance Adviser's Agreement, its acting as compliance adviser and any interests in securities that may be subscribed by it pursuant to the Share Offer, neither MESSIS Capital nor any of its associates has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or any other company in our Group (including options or rights to subscribe for such securities).

No director or employee of MESSIS Capital who is involved in providing advice to our Company has or may, as a result of the Share Offer, have any interest in any class of securities of our Company or other company in our Group (including options or rights to subscribe for such securities but, for the avoidance of doubt, excluding interests in securities that may be subscribed for or purchased by any such director or employee pursuant to the Share Offer).

No director or employee of MESSIS Capital has a directorship in our Company or any other company in our Group.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- (i) the Public Offer of 12,500,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below in the paragraph headed “The Public Offer” in this section; and
- (ii) the Placing of 112,500,000 Shares (comprising 100,000,000 New Shares and 12,500,000 Sale Shares initially offered by our Company and the Selling Shareholder, respectively) (subject to re-allocation as mentioned below) as described below in the paragraph headed “The Placing” in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may only receive shares under the Public Offer or the Placing. 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 paragraph headed “The Public Offer — Reallocation” in this section.

THE PUBLIC OFFER

Number of Shares initially offered

We are initially offering 12,500,000 Public Offer Shares at the Offer Price, representing 10% of the 125,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to 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 Share Offer, and without taking into account of Shares which may be issued upon exercise of options as may be granted under the Share Option Scheme. The Public Offer is open to members of the public in Hong Kong as well as to institutional or professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” in this section.

Allocation

Allocation of 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 that he or she and any person(s) for whose benefit he or she is making the application have not indicated an interest for or taken up and

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

will not indicate an interest for or take up any Placing Shares in the Placing, and such applicant's application will be rejected if the said undertaking and/or confirmation is breached and/or untrue, as the case may be. Multiple or suspected multiple applications and any application for more than 100.0% of the Public Offer Shares initially comprised in the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation on the following basis:

- (a) Where the Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Public Offer Shares are undersubscribed, the Joint Bookrunners have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such amounts as the Joint Bookrunners deem appropriate;
 - (ii) if the Public Offer Shares are not undersubscribed but the number of Offer Shares validly applied for under the Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Public Offer, then up to 12,500,000 Offer Shares may 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 25,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Share Offer;
 - (iii) 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 25,000,000 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 37,500,000 Offer Shares, representing approximately 30% of the number of the Offer Shares initially available for subscription under the Share Offer;
 - (iv) 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 37,500,000 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 50,000,000 Offer Shares, representing approximately 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
 - (v) 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 50,000,000 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 62,500,000 Offer Shares, representing approximately 50% of the number of the Offer Shares initially available under the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) Where the Placing Shares are undersubscribed:
- (i) if the Public Offer Shares are undersubscribed, the Share Offer will 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; and
 - (ii) if the Public Offer Shares are oversubscribed, irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 12,500,000 Offer Shares may 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 25,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Share Offer.

In the event of reallocation of Offer Shares between the Public Offer and the Placing in the circumstances where (x) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (y) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e. HK\$0.50 per Offer Share) stated in this prospectus.

In the event of a reallocation of Offer Shares from the Placing to the Public Offer in circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners deems appropriate.

In addition, the Joint Bookrunners may reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer. In accordance with Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 6 of the GEM Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer (i.e. 25,000,000 Offer Shares).

If the Public Offer Shares are not fully subscribed, the Joint Bookrunners will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Joint Bookrunners deems appropriate.

THE PLACING

Number of Placing Shares initially offered

Subject to reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 112,500,000 Shares, which comprise 100,000,000 New Shares being offered by our Company and 12,500,000 Sale Shares being offered by the Selling Shareholder representing in aggregate approximately 90% of the Offer Shares initially available under the Share Offer. Subject to

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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 Share Offer, but without taking into account Shares which may be issued upon exercise of options granted under the Share Option Scheme.

Allocation

Pursuant to the Placing, the Placing Underwriters will conditionally place the Placing Shares with professional and institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the book-building process described in the paragraph headed "Pricing and allocation" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

PRICING AND ALLOCATION

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the Placing. Prospective investors will be required to specify the number of 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, and to cease on or around, the last day for lodging applications under the Public Offer.

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 Bookrunners (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), which is expected to be on or around Thursday, 26 April 2018 or such later date as may be agreed between the parties.

If, for any reason, the Joint Bookrunners (for itself and on behalf of the Underwriters) and our Company (for itself and on behalf of the Selling Shareholder) are unable to reach an agreement on the Offer Price by that date or such later date as agreed by our Company (for itself and on behalf of our Selling Shareholder) and the Joint Bookrunners (for itself and on behalf of the Underwriters), the Share Offer will not become unconditional and will lapse.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Offer Price range

The Offer Price will be not more than HK\$0.6 per Share and is expected to be not less than HK\$0.5 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. 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 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\$0.6 for each Public Offer Share (plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund) amounting to a total of HK\$3,030.23 for one board lot of 5,000 Shares. Each Application Form includes a table showing the exact amounts payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK\$0.60 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest.

Announcement of Offer Price and basis of allocations

Our Company expects to announce the final Offer Price and the level of indication of interests in the Placing and the basis of allocations of the Public Offer Shares on Tuesday, 8 May 2018 on our Company's website and the website of the Stock Exchange. If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange a notice of the change and if applicable the revised date.

UNDERWRITING

The Share Offer is fully underwritten by the Underwriters under the terms of the Underwriting Agreements and is subject to our Company (for ourselves and on behalf of the Selling Shareholder) and the Joint Bookrunners (for itself and on behalf of the Underwriters), agreeing on the Offer Price. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional upon, among other things:

(a) Listing

The Listing Division granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein including any Shares which may fall to be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme or the general mandate to issue Shares referred to in Appendix IV to this prospectus;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

(b) Price Determination Agreement

The Price Determination Agreement having been executed by our Company (for itself and on behalf of our Selling Shareholder) and the Joint Bookrunners (for itself and on behalf of the Underwriters) and becoming effective 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 Sponsor and the Joint Bookrunners (for itself 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, in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day from the date of this prospectus.

If such conditions have not been fulfilled or waived 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 at the Stock Exchange’s website at www.hkexnews.hk and our Company’s website at www.jlogoholdings.com on the next business day following such lapse.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Wednesday, 9 May 2018. Shares will be traded in board lots of 5,000 Shares each. The GEM stock code for the Shares is 8527.

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, under contingent situation, any other date HKSCC chooses. 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.

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. 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.

Details of the Share Offer will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. HOW TO APPLY

You may apply for the Public Offer Shares by either using a **WHITE** or **YELLOW** Application Form or apply only via the **HK eIPO White Form** at www.hkeipo.hk or electronically cause HKSCC Nominees to apply on your behalf. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form or apply only via the **HK eIPO White Form** at www.hkeipo.hk or electronically cause HKSCC Nominees to apply on your behalf.

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 HK eIPO White Form, 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 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 through a person under a power of attorney, our Company and the Joint Bookrunners may accept or reject your application at its discretion, and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Offer Shares and they may not apply by means of **HK eIPO White Form** for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any 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 close associate (as defined in the GEM Listing Rules) of any of the above;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for or indicated an interest in any Offer Shares under 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.hkeipo.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.

Note: Save under the circumstances permitted by the GEM Listing Rules, the Public Offer Shares are not available to existing beneficial owners of the Shares in our Company or any of its subsidiaries or the associates of any of them, the directors or chief executive of our Company or any of its subsidiaries or the associates of any of them or the connected persons (as defined in the GEM Listing Rules) of our Company or any of its subsidiaries or persons who will become connected persons of our Company or any of its subsidiaries immediately upon completion of the Share Offer.

Where to collect the **WHITE** and **YELLOW** Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Friday, 20 April 2018 until 12:00 noon on Wednesday, 25 April 2018 from:

- (a) any of the following addresses of the Public Offer Underwriters:

Name	Address
Frontpage Capital Limited	26/F, Siu On Centre, 188 Lockhart Road, Wanchai, Hong Kong
Topper Dragon Securities Limited	Flat A-C, 19/F, Champion Building, 287-291 Des Voeux Road, Central, Hong Kong

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (b) or at any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

Districts	Branch Name	Address
Hong Kong	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan, Hong Kong
Kowloon	Prince Edward Branch	777 Nathan Road, Mongkok, Kowloon
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a prospectus from:

- (a) The Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong during normal business hours from 9:00 a.m. on Friday, 20 April 2018 until 12:00 noon on Wednesday, 25 April 2018; or
- (b) Your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the WHITE and YELLOW Application Forms

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on the Application Forms.

You should note that by completing and submitting the **WHITE** or **YELLOW** Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:

- instruct and authorise our Company and/or the Joint Bookrunners and/or the Underwriters (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Forms;
- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles;
- confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making the application, and

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

not on any other information or representation concerning our Company and you agree that neither our Company, the Sponsor, the Joint Bookrunners or the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer will have any liability for any such other information or representations;

- agree (without prejudice to any other rights which you may have) that once the application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;
- if the application is made for your own benefit, warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form;
- if the application is made by an agent on your behalf, warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;
- if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form, and that you are duly authorised to sign the Application Form as that other person's agent;
- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Placing Shares in the Placing, nor otherwise participate in the Placing;
- warrant the truth and accuracy of the information contained in your application;
- agree to disclose to our Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sponsor, the Joint Bookrunners and their respective advisers and agents any personal data and information about you or the person(s) for whose benefit you have made the application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- represent and warrant that you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing this application and you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S) described under the U.S. Securities Act;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- agree that once your application is accepted, your application will be evidenced by the results of the Public Offer made available by our Company;
- authorise our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on our register of members of our Company as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send or deposit any share certificate(s) (where applicable) to you or into CCASS (as the case may be) and/or to send any refund cheque(s) (where applicable) to you or (in case of joint applicants) the first-named applicant on the Application Form by ordinary post at your own risk to the address stated on your Application Form (unless you are eligible to collect the share certificate(s) (where applicable and if you use a **WHITE** Application Form) and/or refund cheques (where applicable) in person in accordance with the terms set out in the relevant Application Form and this prospectus);
- understand that these declarations and representations will be relied upon by our Company, and the Sponsor in deciding whether or not to make any allotment of Public Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Joint Bookrunners or the Underwriters nor any of their respective directors, employees, partners, agents, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions set out in this prospectus;
- agree with us, for ourselves and the benefit of each of our Shareholders, and we agree with each of our Shareholders, to observe and comply with the Companies Law, our Memorandum of Association and Articles of Association;
- agree with us, for ourselves and the benefit of each of our Shareholders, that the Shares are freely transferable by the holder(s) thereof;
- authorise us to enter into a contract on your behalf with each of our Directors and officers under which such Directors and Officers undertake to observe and comply with their obligations to Shareholders stated in our Memorandum of Association and Articles of Association;
- confirm that you are aware of the restrictions on offering of the Public Offer Shares described in this prospectus; and
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agree to be bound by them.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the Application Form. Only written signatures will be accepted.

(a) ***If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):***

- i. the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box on the Application Form.

(b) ***If the application is made by an individual CCASS Investor Participant:***

- i. the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and
- ii. the CCASS Investor Participant must insert its participant I.D. in the appropriate box on the Application Form.

(c) ***If the application is made by a joint individual CCASS Investor Participant:***

- i. the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and
- ii. the participant I.D. must be inserted in the appropriate box on the Application Form.

(d) ***If the application is made by a corporate CCASS Investor Participant:***

- i. the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and
- ii. the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box on the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee are deemed to do the followings:

- (a) agree that any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the Application Form;
- (b) agree that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are a joint applicant, in the name of the first-named applicant) and in such a case, to post the share certificates for such allotted Public Offer Shares at your own risk to the address stated on the Application Form by ordinary post or to make available the same for your collection;
- (c) agree that each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;
- (d) agree that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and
- (e) agree that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

If your application is made through a duly authorised attorney, our Company and the Joint Bookrunners (as our Company's agent and on behalf of the Underwriters) may accept it at their discretion, and subject to any conditions our Company thinks fit, including evidence of the authority of your attorney. Our Company, the Joint Bookrunners (as the agent of our Company) or their respective agents and nominees will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

4. TIME FOR LODGING APPLICATION FORM

Completed **WHITE** or **YELLOW** Application Forms, together with a cheque or a bankers' cashier order attached and marked payable to ICBC (Asia) Nominee Limited — JLogo Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of receiving bank listed in the paragraph headed "3. Applying for the Public Offer Shares — Where to collect the **WHITE** and **YELLOW** Application Forms" at the following times in this section:

Friday, 20 April 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, 21 April 2018 — 9:00 a.m. to 1:00 p.m.
Monday, 23 April 2018 — 9:00 a.m. to 5:00 p.m.
Tuesday, 24 April 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 25 April 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 25 April 2018, the last application day or such later time as described in the paragraph headed "10. Effect of bad weather on the opening of the application lists" in this section.

5. APPLYING THROUGH HK eIPO WHITE FORM

General

Individuals who meet the criteria in the sub-section headed "2. Who can apply" in this section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White 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 HK eIPO White Form Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application through the **HK eIPO White Form** Service Provider at www.hkeipo.hk (24 hours daily, except on the last application day) from 9: 00 a.m. on Friday, 20 April 2018 until 11: 30 a.m. on Wednesday, 25 April 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12: 00 noon on Wednesday, 25 April 2018 or such later time under the sub-section headed "10. Effect of bad weather on the opening of the application lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Public Offer Shares, an actual application shall be

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** service 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 **HK eIPO White 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, the 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 Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You can also collect a prospectus from this address.

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 the Joint Bookrunners and our 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 and the Joint Bookrunners 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;
 - 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;

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- 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 Sponsor, the Joint Bookrunners, 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, our Hong Kong Branch Share Registrar, receiving bank, the Sponsor, the Joint Bookrunners, 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;
- 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;

HOW TO APPLY FOR THE 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 (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 Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, 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, 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.

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 5,000 Public Offer Shares. Instructions for more than 5,000 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, 20 April 2018 — 9:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 21 April 2018 — 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, 23 April 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Tuesday, 24 April 2018 — 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 25 April 2018 — 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 20 April 2018 until 12:00 noon on Wednesday, 25 April 2018 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 25 April 2018, the last application day or such later time as described in “10. Effect of bad weather on the opening of the application lists” in this section.

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 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 Joint Bookrunners, 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 HK eIPO White Form service is also only a facility provided by the HK eIPO White 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 Joint Bookrunners, the Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** 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, 25 April 2018.

8. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if and only if:

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.

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 **HK eIPO White Form** 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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

“Statutory control” in relation to a company means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that 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 maximum Offer Price is HK\$0.60 per Public Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 5,000 Public Offer Shares, you will pay approximately HK\$3,030.23. The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for certain multiples of Public Offer Shares up to 12,500,000 Shares.

You must pay the maximum Offer Price, plus brokerage 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 by a cheque or a banker’s cashier order in accordance with the terms set out on the Application Forms (if you apply by an Application Form).

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the HK eIPO White Form service in respect of a minimum of 5,000 Public Offer Shares. Each application or electronic application instructions in respect of more than 5,000 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.hkeipo.hk.

If your application is successful, brokerage of 1% is paid to participants of the Stock Exchange, the SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% are paid to the Stock Exchange (in the case of the SFC transaction levy of 0.0027%, collected on behalf of the SFC).

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists of the Public Offer will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning signal,

in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 25 April 2018.

Instead they will be open from 11:45 a.m. to 12:00 noon on the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If the application lists of the Public Offer Shares do not open and close on Wednesday, 25 April 2018, or if there is a tropical cyclone warning signal number 8 or above or “black” rainstorm warning signal 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

A notification announcement under Rules 16.13 and 16.16 of the GEM Listing Rules which also includes the Offer Price, an indication of the level of interest in the Placing, the results of applications under the Public Offer and the basis of allocation of the Public Offer Shares will be published by us on Tuesday, 8 May 2018 on the website of our Company (www.jlogoholdings.com) 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:

- Results of allocations in the Public Offer can be found in our announcement to be posted on our Company’s website at www.jlogoholdings.com and the website of the Stock Exchange at www.hkexnews.hk by no later than 8:00 a.m. on Tuesday, 8 May 2018;
- Results of allocations in the Public Offer will be available from our designated results of allocations website at www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, 8 May 2018 to 12:00 midnight on Monday, 14 May 2018;
- Results of allocations will be available from our Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Tuesday, 8 May 2018 to Friday, 11 May 2018;
- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches from Tuesday, 8 May 2018 to Thursday, 10 May 2018 at the designated receiving bank branches at the addresses set out in the paragraph headed “How to apply for the Public Offer Shares — 3. Applying for the Public Offer Shares — Where to collect the **WHITE** and **YELLOW** Application Forms” in this section.

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.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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

Full details of the circumstances in which you will not be allotted the Public Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you.

- **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked until after the expiration of 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, and will become binding when you lodge your Application Form or application. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person on or before until after the expiration of 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) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only 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) 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 the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicant(s) shall be deemed to have applied on the basis of the prospectus as supplemented.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

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 of the results of allotment in the manner as described in the paragraph headed “11. Publication of results” in this section and where such basis of allotment 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.

- **Full discretion of our Company or its agents to reject or accept your application:**

Our Company, the Joint Bookrunners (as the agent of our Company) or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Joint Bookrunners (in its capacity as our Company’s agent) or their respective agents or nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of the Public Offer Shares is void:**

The allotment of the Public Offer Shares to you or to HKSCC Nominees will be void if the Stock Exchange does not grant permission to list the Shares in issue and to be issued as mentioned in this prospectus either:

- within three weeks from the closing date of the application lists in respect of the Public Offer, or
 - within a longer period of up to six weeks if the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists in respect of the Public Offer.
- **You will not receive any allotment 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 in, or have been or will be placed or allocated with (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 as stated on the Application Form (if you apply by an Application Form);
 - your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
 - your payment is not made correctly;

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- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;
- any of the Underwriting Agreements does not become unconditional in accordance with its terms or is terminated in accordance with its terms;
- our Company or the Joint Bookrunners (on behalf of our Company) believe(s) that the acceptance of your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address appearing on the Application Form is located; or
- your application is for more than 100% of the Public Offer Shares initially available for subscription under the Public Offer.

13. REFUND OF APPLICATION MONIES

If you do not receive any Public Offer Shares for any reason, our Company will refund your application monies, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of refund cheques payment instructions will be retained for the benefit of our Company.

If your application is accepted only in part, our Company will refund the appropriate portion of your application monies, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK\$0.6 per Public Offer Share, appropriate refund payments, including brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph headed "14. Despatch/collection of share certificates and refund monies" in this section.

In the contingency situation involving a substantial over-subscription, at the discretion of our Company and the Joint Bookrunners, cheques for applications for certain small denominations of Public Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on or about Tuesday, 8 May 2018, in accordance with the various arrangements as described in this section.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all the Public Offer Shares issued 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).

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No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there 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:

- for applications on **WHITE** Application Forms: (i) share certificate(s) for all Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms; share certificates for the Public Offer Shares successfully applied for will be deposited into CCASS as described below); and/or
- for applications on **WHITE** or **YELLOW** Application Forms, all refunds will be made by cheques crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful, or (ii) all the application monies, if the application is wholly unsuccessful; and/or (iii) the difference between the Offer Price and the maximum Offer Price per Public Offer Share paid on application in the event that the Offer Price is less than the Offer Price per Public Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, where applicable. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number or passport number for encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the Offer Price per Public Offer Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms and share certificates for wholly and partially successful applicants under **WHITE** Application Forms are expected to be posted on or around Tuesday, 8 May 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates for the Public Offer Shares will only become valid certificates of title at 8:00 a.m. on Wednesday, 9 May 2018 provided that the Share Offer has become unconditional in all respects and the right of termination described in the section headed “Underwriting — Underwriting arrangements, commissions and expenses — Public Offer — Grounds for termination” in this prospectus has not been exercised.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person from the Hong Kong Branch Share Registrar from 9:00 a.m. to 1:00 p.m. on Tuesday, 8 May 2018 or such other date as notified by our Company as the date of collection/despatch of share certificates and refund cheques.

If you are an individual who are eligible for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which are eligible for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) 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) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Tuesday, 8 May 2018, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Public Offer Shares or more and you are eligible to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Public Offer Shares 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 CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you on your Application Form on Tuesday, 8 May 2018, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Public Offer Shares credited to the stock account of your designated CCASS Participant (Other than a 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 expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer. You should check the announcement published

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by our Company and report any discrepancies to HKSCC or HKSCC Nominees before 5:00 p.m. on Tuesday, 8 May 2018 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 (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

(c) If you apply through the HK eIPO White 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, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Tuesday, 8 May 2018, or such other date as notified by the Company on the website of the Stock Exchange at www.hkexnews.hk or the website of the Company at www.jlogoholdings.com as the date of despatch/ collection of share certificates/e-Auto 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 Tuesday, 8 May 2018, 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-Auto 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.

(d) If you apply via electronic application instruction to HKSCC:

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 Tuesday, 8 May 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

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- 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 allotment of the Public Offer in the manner specified in “Publication of results” above on Tuesday, 8 May 2018. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 8 May 2018 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 Tuesday, 8 May 2018. 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.
- 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, 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 Tuesday, 8 May 2018.

15. SHARES WILL BE ELIGIBLE FOR ADMISSION 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 of the Stock Exchange or any other date HKSCC chooses.

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.

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.

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16. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Wednesday, 9 May 2018.

The Shares will be traded in board lots of 5,000 Shares each. The stock code for our Shares is 8527.

17. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (the “Ordinance”) came into effect in Hong Kong 20 December 1996. The Personal Information Collection Statement below informs the applicant for and holder of the Shares of the policies and practices of our Company and the Hong Kong Branch Share Registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Hong Kong Branch Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Branch Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of the Hong Kong Branch Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or the despatch of refund cheque(s) to which you are entitled.

It is important that holders of securities inform our Company and the Hong Kong Branch Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque, where applicable, and verification of compliance with the terms and application procedures set out on the Application Forms and this prospectus and announcing results of allocations of the Public Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of our Company;

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- conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing identities of successful applicants by way of press announcement(s) or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Branch Share Registrar to discharge their obligations to holders of securities and/or regulators and any other purpose to which the holders of securities may from time to time agree.

(c) Transfer of personal data

Personal data held by our Company and the Hong Kong Branch Share Registrar relating to the holders of securities will be kept confidential but our Company and the Hong Kong Branch Share Registrar may, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the holders of securities to, from or with any and all of the following persons and entities:

- our Company or its appointed agents such as financial advisers, receiving bankers and our Company's overseas principal share registrar;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Public Offer Shares to be deposited into CCASS);
- any agent, contractor or third-party service provider who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Hong Kong Branch Share Registrar in connection with the operation of their respective businesses;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies in Hong Kong or elsewhere; and

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

(d) Access to and correction of personal data

The Ordinance provides the holders of securities with rights to ascertain whether our Company or the Hong Kong Branch Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Ordinance, our Company and the Hong Kong Branch Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to our Company for the attention of our Company secretary or (as the case may be) the Hong Kong Branch Share Registrar for the attention of the Privacy Compliance Officer for the purposes of the Ordinance.

The following version is the text of a report, prepared for inclusion in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
JLogo Holdings Limited
Messis Capital Limited

Dear Sirs,

We report on the historical financial information of JLogo Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-73, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 (the “Track Record Period”), and the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017, the statement of financial position of the Company as at 31 December 2017 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-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 April 2018 (the “Prospectus”) in connection with the initial listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company (the “Directors”) are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' 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 accountants' 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 accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015, 2016 and 2017, the financial position of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group for each of the Track Record Period in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES
ON GEM OF THE STOCK EXCHANGE 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 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

20 April 2018

I. HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board ("IAASB") (the "Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars and all values in the tables are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2015	2016	2017
	Notes	S\$'000	S\$'000	S\$'000
Revenue	6	12,906	15,400	19,688
Cost of inventories sold and consumed		<u>(3,473)</u>	<u>(3,883)</u>	<u>(4,597)</u>
Gross profit		9,433	11,517	15,091
Other income and gains, net	6	376	234	142
Employee benefits expense		(3,491)	(3,916)	(5,893)
Depreciation of property, plant and equipment	7	(612)	(718)	(977)
Amortisation of an intangible asset	7	—	(4)	(49)
Rentals and related expenses		(3,059)	(3,585)	(4,267)
Utility expenses		(610)	(599)	(764)
Marketing and advertising expenses		(68)	(66)	(74)
Other expenses		(934)	(1,060)	(4,911)
Finance costs	8	<u>(96)</u>	<u>(159)</u>	<u>(218)</u>
PROFIT/(LOSS) BEFORE TAX	7	939	1,644	(1,920)
Income tax expense	11	<u>(202)</u>	<u>(276)</u>	<u>(342)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>737</u>	<u>1,368</u>	<u>(2,262)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		<u>(62)</u>	<u>(14)</u>	<u>14</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		<u>(62)</u>	<u>(14)</u>	<u>14</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u>675</u>	<u>1,354</u>	<u>(2,248)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
- Basic and diluted	13	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2015	2016	2017
	Notes	S\$'000	S\$'000	S\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	2,244	2,929	2,585
Intangible asset	15	—	239	190
Non-current rental deposits	17	671	986	685
Prepayment for purchases of items of property, plant and equipment		50	—	457
Deferred tax assets	21	<u>12</u>	<u>49</u>	<u>15</u>
Total non-current assets		<u>2,977</u>	<u>4,203</u>	<u>3,932</u>
CURRENT ASSETS				
Inventories	16	292	430	462
Trade and other receivables	17	581	642	1,483
Due from a Director of the Company	25	3,386	2,766	—
Prepayments		61	51	1,337
Restricted cash	18	127	130	156
Cash and cash equivalents	18	<u>1,141</u>	<u>1,309</u>	<u>3,630</u>
Total current assets		<u>5,588</u>	<u>5,328</u>	<u>7,068</u>
CURRENT LIABILITIES				
Trade and other payables	19	2,492	3,160	3,677
Due to a Director of the Company	25	636	412	—
Interest-bearing bank and other borrowings	20	493	756	682
Tax payable		<u>282</u>	<u>520</u>	<u>320</u>
Total current liabilities		<u>3,903</u>	<u>4,848</u>	<u>4,679</u>
NET CURRENT ASSETS		<u>1,685</u>	<u>480</u>	<u>2,389</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,662</u>	<u>4,683</u>	<u>6,321</u>

APPENDIX I**ACCOUNTANTS' REPORT**

		As at 31 December		
		2015	2016	2017
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
NON-CURRENT LIABILITIES				
Other payables	19	84	105	70
Interest-bearing bank and other borrowings	20	1,125	1,592	1,124
Deferred tax liabilities	21	<u>61</u>	<u>50</u>	<u>63</u>
Total non-current liabilities		<u>1,270</u>	<u>1,747</u>	<u>1,257</u>
NET ASSETS		<u>3,392</u>	<u>2,936</u>	<u>5,064</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	22	—	—	676
Reserves	23	<u>3,392</u>	<u>2,936</u>	<u>4,388</u>
TOTAL EQUITY		<u>3,392</u>	<u>2,936</u>	<u>5,064</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2015, 2016 and 2017

	Share capital <i>S\$'000</i>	Merger reserve <i>S\$'000</i>	Exchange fluctuation reserve <i>S\$'000</i>	Retained profits <i>S\$'000</i>	Total <i>S\$'000</i>
At 1 January 2015	—	1,235	(6)	1,488	2,717
Profit for the year	—	—	—	737	737
Other comprehensive loss for the year:					
Exchange differences on translation of foreign operations	—	—	(62)	—	(62)
Total comprehensive income for the year	—	—	(62)	737	675
At 31 December 2015 and 1 January 2016	<u>—</u>	<u>1,235*</u>	<u>(68)*</u>	<u>2,225*</u>	<u>3,392</u>
Profit for the year	—	—	—	1,368	1,368
Other comprehensive loss for the year:					
Exchange differences on translation of foreign operations	—	—	(14)	—	(14)
Total comprehensive income for the year	—	—	(14)	1,368	1,354
Interim 2016 dividends declared by subsidiaries (note 12)	—	—	—	(2,310)	(2,310)
Issue of shares of a subsidiary	—	500	—	—	500
At 31 December 2016	<u>—</u>	<u>1,735*</u>	<u>(82)*</u>	<u>1,283*</u>	<u>2,936</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital S\$'000	Share premium S\$'000	Merger reserve S\$'000	Exchange fluctuation reserve S\$'000	Retained profits S\$'000	Total S\$'000
At 31 December 2016 and 1 January 2017	—	—	1,735	(82)	1,283	2,936
Loss for the year	—	—	—	—	(2,262)	(2,262)
Other comprehensive income for the year:						
Exchange differences on translations of foreign operations	—	—	—	14	—	14
Total comprehensive loss for the year	—	—	—	14	(2,262)	(2,248)
Interim 2017 dividends declared by subsidiaries (note 12)	—	—	—	—	(1,482)	(1,482)
Contribution by a pre-listing investor of a subsidiary	—	—	5,858	—	—	5,858
Issue of shares by the Company for acquisition of a subsidiary in connection with the Reorganisation (note 22)	676	5,182	(5,858)	—	—	—
At 31 December 2017	<u>676</u>	<u>5,182*</u>	<u>1,735*</u>	<u>(68)*</u>	<u>(2,461)*</u>	<u>5,064</u>

* These reserve accounts comprise the consolidated reserves of S\$3,392,000 and S\$2,936,000 and S\$4,388,000 in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
		2015	2016	2017
	Notes	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		939	1,644	(1,920)
Adjustments for:				
Depreciation of property, plant and equipment	7	612	718	977
Amortisation of an intangible asset	7	—	4	49
(Gain)/loss on disposal of items of property, plant and equipment	7	(54)	1	7
Write-off of property, plant and equipment	7	—	23	2
Impairment of property, plant and equipment	7	94	12	—
Provision for unutilised leave		14	24	(1)
Recognition/(release) of deferred rental liability	7	23	105	(38)
Bad debts written off	7	3	—	—
Interest income	6	(47)	(51)	(60)
Unrealised exchange loss		—	1	145
Finance costs	8	96	159	218
		1,680	2,640	(621)
Decrease/(increase) in inventories		58	(138)	(32)
Increase in trade and other receivables		(86)	(344)	(504)
(Increase)/decrease in prepayments		(52)	10	(146)
Increase/(decrease) in trade and other payables		55	(209)	(675)
Cash generated from/(used in) operations		1,655	1,959	(1,978)
Interest paid		(96)	(158)	(216)
Interest received		23	20	22
Income tax refunded		—	5	20
Income tax paid		(35)	(86)	(513)
Net cash flows generated from/(used in) operating activities		1,547	1,740	(2,665)

		Year ended 31 December		
		2015	2016	2017
	Notes	S\$'000	S\$'000	S\$'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Prepayment for property, plant and equipment		(50)	—	(457)
Purchases of items of property, plant and equipment	14(iii)	(341)	(550)	(449)
Addition of an intangible asset	15	—	(243)	—
Proceeds from disposal of items of property, plant and equipment		62	—	—
(Increase)/decrease in net amount due from a Director of the Company		<u>(1,831)</u>	<u>(1,914)</u>	<u>872</u>
Net cash flows used in investing activities		<u>(2,160)</u>	<u>(2,707)</u>	<u>(34)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in fixed deposit pledged to a bank		(3)	(3)	(26)
Contribution by a pre-listing investor of a subsidiary		—	—	5,858
Proceeds from issue of shares of a subsidiary		—	500	—
Proceeds from bank loans		1,000	1,386	2,037
Repayment of bank loans and finance leases		<u>(619)</u>	<u>(703)</u>	<u>(2,695)</u>
Net cash flows generated from financing activities		<u>378</u>	<u>1,180</u>	<u>5,174</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(235)	213	2,475
Cash and cash equivalents at beginning of year		1,335	1,141	1,309
Effects of foreign exchange differences		<u>41</u>	<u>(45)</u>	<u>(154)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>1,141</u></u>	<u><u>1,309</u></u>	<u><u>3,630</u></u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		648	812	3,112
Fixed deposits with licenced banks		620	627	674
Less: Fixed deposit pledged		<u>(127)</u>	<u>(130)</u>	<u>(156)</u>
Cash and cash equivalents	18	<u><u>1,141</u></u>	<u><u>1,309</u></u>	<u><u>3,630</u></u>

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December 2017 S\$'000
	Notes	
NON-CURRENT ASSETS		
Investment in a subsidiary		<u>5,858</u>
Total non-current assets		<u>5,858</u>
NET ASSETS		<u>5,858</u>
EQUITY		
Share capital	22	676
Reserves	23	<u>5,182</u>
TOTAL EQUITY		<u><u>5,858</u></u>

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 22 May 2017. The registered office of the Company is located at the offices of Estera Trust (Cayman) Limited, P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. During the Track Record Period, the Company's subsidiaries were principally engaged in the business of:

- 1) Asian full services restaurants in Singapore; and
- 2) artisanal bakery chain in Malaysia.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Company name	Place and date of incorporation/ registration and place of operations	Issued/ registered share capital	Percentage of equity attributable to the Company		Principal activities	Note
			Direct %	Indirect %		
JLogo Limited	British Virgin Islands ("BVI") 7 March 2017	US\$2	100	—	Investment holding	(a)
JC Global Concepts Pte. Ltd.	Singapore 13 January 2006	S\$2	—	100	Investment holding	(b)
Bosses Restaurant Pte. Ltd.	Singapore 26 June 2006	S\$500,000	—	100	Restaurant operation	(b)
J W Central Pte. Ltd.	Singapore 23 July 2007	S\$350,000	—	100	Restaurant operation	(b), (e)
JC Dining Pte. Ltd.	Singapore 16 May 2016	S\$500,000	—	100	Restaurant operation	(c)
Bread Story Sdn. Bhd.	Malaysia 24 March 2002	RM1,000,000	—	100	Artisanal bakery chain	(d)

Notes:

- (a) No statutory financial statements have been prepared for this entity for the years ended 31 December 2015 and 2016 as it has not been set up by then. The entity is not subject to any statutory audit requirements under the relevant rules and regulations in its country/jurisdiction of incorporation.
- (b) The entities are not subject to any statutory audit requirements under the relevant rules and regulations in their country/jurisdiction of incorporation.
- (c) The entity is not subject to any statutory audit requirements under the relevant rules and regulations in its country/jurisdiction of incorporation. No statutory financial statements have been prepared for this entity for the year ended 31 December 2015 as it has not been set up by then.
- (d) The statutory financial statements of the entity for the years ended 31 December 2015 and 2016 prepared in accordance with Malaysia Financial Reporting Standards ("Malaysia GAAP") were audited by KGNP, certified public accountants registered in Malaysia.
- (e) The entity has changed its financial year end from 30 June to 31 December during the year ended 31 December 2015.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 11 August 2017. The companies now comprising the Group were under the control of Ms. Low Yeun Ching @ Kelly Tan (the "Controlling Shareholder" or "Ms. Low") before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved

by the International Accounting Standards Board (the “IASB”). All IFRSs effective for the accounting period commencing from 1 January 2017, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in the Historical Financial Information:

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts¹</i>
IFRS 9	<i>Financial Instruments¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers¹</i>
IFRS 16	<i>Leases²</i>
IFRS 17	<i>Insurance Contracts⁴</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
IFRIC 23	<i>Uncertainty over Income Tax Treatments²</i>
Amendments to IAS 40	<i>Transfers of Investment Property¹</i>
<i>Annual Improvements 2014-2016 Cycle</i>	<i>Amendments to the following two IFRSs: IFRS 1 First-time Adoption of International Financial Reporting Standards¹ IAS 28 Investments in Associates and Joint Ventures¹</i>
<i>Annual Improvements 2015-2017 Cycle</i>	<i>Amendments to the following four IFRSs: IFRS 3 Business Combinations² IFRS 11 Joint Arrangements² IAS 12 Income Taxes² IAS 23 Borrowing Costs²</i>
Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation²</i>
Amendments to IAS 28	<i>Long-term Interests in Associates and Joint Ventures²</i>
Amendments to IAS 19	<i>Measurement of Current Service Cost and Net Interest for the period after a Plan Amendment, Curtailment or Settlement²</i>

- ¹ Effective for annual periods beginning on or after 1 January 2018
- ² Effective for annual periods beginning on or after 1 January 2019
- ³ No mandatory effective date yet determined but available for adoption.
- ⁴ Effective for annual periods beginning on or after 1 January 2021

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9, but the Group does not expect the impact will be significant.

IFRS 15 and *Clarifications to IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In April 2016, the IASB issued

amendments to IFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent, licences of intellectual property and transition. The amendments are also intended to help ensure a more consistent application when entities adopt IFRS 15 and decrease the cost and complexity of applying the standard.

The Group expects to adopt IFRS 15 on 1 January 2018. Based on the assessment completed to date, the Group does not expect significant impact on the Group's revenue recognition upon adoption of IFRS 15.

IFRS 16 Leases

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases - Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases.

The Group expects to adopt IFRS 16 on 1 January 2019. Based on preliminary analysis, the Group expects the adoption of IFRS 16 would have the following impact:

For restaurants, outlets and office premises that have minimum lease payments over the lease term, the combination of straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge of profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no significant impact on the total expenses recognised over the lease term. The Group expects that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities. As set out in note 24(a) to the Historical Financial Information, the Group's total future minimum lease payments payable under non-cancellable operating leases as at 31 December 2015, 2016 and 2017 are S\$9,447,000,

S\$7,849,000 and S\$7,123,000 respectively. Except for the changes in measurement, presentation and disclosure as indicated above, the Directors of the Company do not expect the adoption of IFRS 16, as compared to the current accounting policy of the Group, would result in significant impact on the results and the net assets of the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The Historical Financial Information includes the financial statements of the Company and its subsidiaries now comprising the Group for the Track Record Period. As explained in note 2.1 of Section II above, the acquisition of subsidiaries under common control has been accounted for using the merger accounting. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss.

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold apartment	—	2%
Leasehold land and building	—	2%
Kitchen and bar equipment	—	10% - 15%
Motor vehicles	—	20%
Furniture and fittings	—	15% - 50%
Computers and office equipment	—	20% - 33%
Leasehold improvements	—	16.67% or over the lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

INTANGIBLE ASSET

Intangible asset acquired separately is measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial acquisition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of the intangible asset of the Group is assessed as finite.

Intangible asset with finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from the de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Franchise licence

Franchise licence is acquired separately and represents the franchise fees paid to acquire the “Greyhound café” franchise. The franchise licence is amortised on a straight-line basis over its finite useful life of five (5) years.

LEASES

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

The Group's financial assets include cash and cash equivalents, trade and other receivables and an amount due from a Director of the Company.

Subsequent measurement of loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment

exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to a Director and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities are as follows:

Loans and borrowings

After initial recognition, interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the liabilities simultaneously.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of inventories comprises cost of purchasing raw materials and finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in Singapore and Malaysia in which the Group primarily operates.

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue is measured reliably, on the following bases:

- (a) from the sale of food, when the products are sold to customers and the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the food sold.
- (b) from restaurant operations, when catering services have been provided to the customers.
- (c) interest income, on an accrual basis using the effective interest rate method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.
- (d) franchise fees that relate directly to specific performance or service obligations are recognised as and when the obligations were performed. Franchise fees that are general in nature or with continuing obligations over the tenure of a period are recognised on a straight-line basis over the period of the relevant agreement. Royalty fees are recognised on an accrual basis.

- (e) the Group introduced a loyalty card programme called “Black Loyalty Card” that provided rebates to card members based on accumulated rebate dollars and terminated as of 31 August 2017. On 1 September 2017, the Group operates a loyalty programme called “JC Privileges” that provides vouchers upon registration and rebates to members based on accumulated rebate dollars. A portion of revenue attributable to the rebate dollars granted for every dining bills, estimated based on expected utilisation of these rebates and vouchers, is deferred until they are utilised. These are included under deferred revenue on the consolidated statement of financial position. Any remaining unutilised benefits are recognised as revenue upon expiry.

EMPLOYEE BENEFITS

The employees of the Group’s subsidiaries which operate in Singapore and Malaysia are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Singapore and Malaysia are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

FOREIGN CURRENCIES

The Historical Financial Information is presented in Singapore dollars, which is the Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore dollars at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Singapore dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Singapore dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4.1 Estimation uncertainty

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

Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of the property, plant and equipment exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair values less costs of disposal is based on available data from binding sale transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's property, plant and equipment as at 31 December 2015, 2016 and 2017 were approximately S\$2,244,000, S\$2,929,000 and S\$2,585,000, respectively. For details of the impairment, please refer to note 14 to the Historical Financial Information.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amounts of deferred tax assets were approximately S\$12,000, S\$49,000 and S\$15,000 as at 31 December 2015, 2016 and 2017 (note 21).

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has two reportable segments as follows:

- i. The dining operations segment relates to the operations and management of restaurants; and
- ii. The artisanal bakery segment relates to the retail outlets specialising in the sale of bread and flour confectionary products.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss which in certain respects, as explained in the table below, is measured differently from the Historical Financial Information. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expense and income comprise of expense and other sources of income which are not directly attributable to the identified segments.

Intersegment transfers are on terms agreed in a manner similar to transactions with third parties at the then prevailing market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on combination.

Geographical information

The Group's revenue from external customers was derived from its operations in Singapore and Malaysia during the Track Record Period, and the non-current assets of the Group were located in Singapore and Malaysia as at 31 December 2015, 2016 and 2017.

Information about major customers

Since none of the Group's sales to a single customer accounted for 10% or more of the Group's total revenue for the years ended 31 December 2015, 2016 and 2017, no major customer information is presented in accordance with IFRS 8 *Operating Segments*.

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total	
			Year ended 31 December					
	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000
Segment revenue:								
Revenue from external customers	8,572	10,626	4,334	4,774	—	—	12,906	15,400
Inter-segment sales	72	119	—	—	(72)	(119)	—	—
Segment revenue	8,644	10,745	4,334	4,774	(72)	(119)	12,906	15,400
Cost of inventories sold and consumed	(2,165)	(2,463)	(1,380)	(1,539)	72	119	(3,473)	(3,883)
Gross profit	6,479	8,282	2,954	3,235	—	—	9,433	11,517
Results:								
Employee benefits expense	(2,274)	(2,605)	(1,217)	(1,311)			(3,491)	(3,916)
Marketing and advertising expenses	(58)	(57)	(10)	(9)			(68)	(66)
Depreciation and amortisation expense	(375)	(447)	(237)	(275)			(612)	(722)
Rentals and related expenses	(2,096)	(2,667)	(963)	(918)			(3,059)	(3,585)
Utility expenses	(396)	(393)	(214)	(206)			(610)	(599)
Other expenses	(678)	(773)	(256)	(287)			(934)	(1,060)
Other income and gains, net	154	203	222	31			376	234
Finance costs	(60)	(128)	(36)	(31)			(96)	(159)
Segment results	696	1,415	243	229			939	1,644
Income tax expense							(202)	(276)
Profit for the year							737	1,368

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total
	2015	2016	2015	2016	2015	2016	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets:							
Property, plant and equipment	897	1,489	1,347	1,440	—	—	2,244
Intangible asset	—	239	—	—	—	—	239
Other segment assets	1,718	2,950	1,327	1,398	(122)	(800)	2,923
							3,548
Segment assets	2,615	4,678	2,674	2,838	(122)	(800)	5,167
							6,716
Unallocated assets *							3,398
							2,815
Total assets							8,565
							9,531
Liabilities:							
Segment liabilities	(2,992)	(4,875)	(1,324)	(1,538)	122	800	(4,194)
Unallocated liabilities *							(979)
							(5,613)
Total liabilities							(5,173)
							(6,595)
Other segment information:							
Additions to non-current assets **	665	1,277	350	423			1,015
Write-off of property, plant and equipment	—	—	—	23			23
Impairment of property, plant and equipment	55	—	39	12			94
							12

* The unallocated assets and liabilities are mainly corporate assets, corporate liabilities, tax payable, deferred tax assets and deferred tax liabilities.

** Additions to non-current assets consist of additions to property, plant and equipment and an intangible asset.

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total	
	2016	2017	2016	2017	2016	2017	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue								
Revenue from external customers	10,626	14,608	4,774	5,080	—	—	15,400	19,688
Inter-segment sales	119	180	—	—	(119)	(180)	—	—
Segment revenue	10,745	14,788	4,774	5,080	(119)	(180)	15,400	19,688
Cost of inventories sold and consumed	(2,463)	(3,076)	(1,539)	(1,701)	119	180	(3,883)	(4,597)
Gross profit	8,282	11,712	3,235	3,379	—	—	11,517	15,091
Results:								
Employee benefits expense	(2,605)	(3,545)	(1,311)	(1,462)			(3,916)	(5,007)
Marketing and advertising expenses	(57)	(67)	(9)	(7)			(66)	(74)
Depreciation and amortisation expense	(447)	(670)	(275)	(356)			(722)	(1,026)
Rentals and related expenses	(2,667)	(3,384)	(918)	(883)			(3,585)	(4,267)
Utility expenses	(393)	(534)	(206)	(230)			(599)	(764)
Other expenses	(773)	(1,675)	(287)	(325)	—	252	(1,060)	(1,748)
Other income and gains, net	203	345	31	49	—	(252)	234	142
Finance costs	(128)	(189)	(31)	(29)			(159)	(218)
Segment results	1,415	1,993	229	136			1,644	2,129
Unallocated employee benefits expense							—	(886)
Unallocated other expenses							—	(3,163)
Profit/(loss) before tax							1,644	(1,920)
Income tax expense							(276)	(342)
Profit/(loss) for the year							1,368	(2,262)

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2016	2017	2016	2017	2016	2017	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Assets:							
Property, plant and equipment	1,489	940	1,440	1,645		2,929	2,585
Intangible asset	239	190	—	—		239	190
Other segment assets	2,950	2,885	1,398	1,395	(800)	3,548	1,212
Segment assets	4,678	4,015	2,838	3,040	(800)	6,716	3,987
Unallocated assets*						2,815	7,013
Total assets						9,531	11,000
Liabilities:							
Segment liabilities	(4,875)	(5,332)	(1,538)	(2,213)	800	(5,613)	(4,477)
Unallocated liabilities*						(982)	(1,459)
Total liabilities						(6,595)	(5,936)
Other segment information:							
Additions to non-current assets**	1,277	79	423	545	—	1,700	624
Write-off of property, plant and equipment	—	—	23	2	—	23	2
Impairment of property, plant and equipment	—	—	12	—	—	12	—

* The unallocated assets and liabilities are mainly corporate assets, corporate liabilities, tax payable, deferred tax assets and deferred tax liabilities.

** Additions to non-current assets consist of additions to property, plant and equipment and an intangible asset.

Geographical information(a) *Revenue from external customers*

	Year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Singapore	8,572	10,626	14,608
Malaysia	<u>4,334</u>	<u>4,774</u>	<u>5,080</u>
	<u>12,906</u>	<u>15,400</u>	<u>19,688</u>

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	As at 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Singapore	1,514	2,538	2,129
Malaysia	<u>1,451</u>	<u>1,616</u>	<u>1,788</u>
	<u>2,965</u>	<u>4,154</u>	<u>3,917</u>

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the amounts received and receivable from operation and management of restaurants and bakery retail outlets, net of discounts. An analysis of the Group's revenue, other income and gains is as follows:

	Year ended 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Revenue			
Dining operations	8,572	10,626	14,608
Artisanal bakery:			
- sale of bread and flour confectionary products	4,271	4,649	5,007
- franchise and royalty fee income	<u>63</u>	<u>125</u>	<u>73</u>
	<u>12,906</u>	<u>15,400</u>	<u>19,688</u>
Other income and gains			
Government grants*	113	149	50
Interest income	47	51	60
Gain on disposal of items of property, plant and equipment	54	—	—
Others^	<u>162</u>	<u>34</u>	<u>32</u>
	<u>376</u>	<u>234</u>	<u>142</u>

* The amount mainly represents rewards or subsidies under the Productivity and Innovation Credit Scheme and the Wage Credit Scheme which were received from the Singapore government. There are no unfulfilled conditions or contingencies relating to these grants.

^ Others mainly consist of the franchise licence fee forfeited, sale of kitchen utensils and know-how transfer by the artisanal bakery chain segment to a non-franchisee.

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

		Year ended 31 December		
		2015	2016	2017
	<i>Notes</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Depreciation of property, plant and equipment	14	612	718	977
Amortisation of an intangible asset	15	—	4	49
Auditors' remuneration		9	10	83
Minimum lease payments under operating leases		2,934	3,382	4,199
Contingent rent		102	98	106
Recognition/(release) of deferred rental liability		23	105	(38)
Staff costs (excluding directors' and chief executive's remuneration (note 9))		3,316	3,726	5,623
- Salaries, wages and bonuses		2,825	3,144	4,704
- Staff welfare and others		311	370	426
- Pension scheme contributions		180	212	493
Write-off of property, plant and equipment	14	—	23	2
Impairment of property, plant and equipment	14	94	12	—
Bad debts written off		3	—	—
Government grants		(113)	(149)	(50)
(Gain)/loss on disposal of items of property, plant and equipment		(54)	1	7
Expenses related to the proposed Initial Public Offering		—	—	3,162
Foreign exchange differences, net		—	1	117

8. FINANCE COSTS

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Interest expenses			
- Finance lease	5	4	4
- Term loans	88	151	202
Bank charges	3	3	10
Others	—	1	2
	<u>96</u>	<u>159</u>	<u>218</u>

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

On 22 May 2017, Ms. Low was appointed as an executive Director and the chief executive officer of the Company. Mr. Chiu Ka Wai and Mr. Sean Low were appointed as executive Directors of the Company on 27 July 2017. Mr. Cai Da was appointed as a non-executive Director on 27 July 2017. Mr. Lu King Seng, Mr. Lee Alex Jao Jang and Mr. Lim Yeok Hua were appointed as independent non-executive Directors of the Company on 4 April 2018.

During the Track Record Period, certain of the Directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries or in a capacity as employees. The remuneration of each of these Directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Salaries, allowances and benefits in kind	150	163	238
Discretionary performance-related bonuses	6	4	6
Pension scheme contributions	<u>19</u>	<u>23</u>	<u>26</u>
	<u>175</u>	<u>190</u>	<u>270</u>

Year ended 31 December 2015	Salaries, allowances and benefits in kind <i>S\$'000</i>	Discretionary performance- related bonuses <i>S\$'000</i>	Pension scheme contributions <i>S\$'000</i>	Total remuneration <i>S\$'000</i>
Executive Directors:				
Ms. Low	60	4	9	73
Mr. Chiu Ka Wai	54	—	5	59
Mr. Sean Low	<u>36</u>	<u>2</u>	<u>5</u>	<u>43</u>
	<u>150</u>	<u>6</u>	<u>19</u>	<u>175</u>

Year ended 31 December 2016	Salaries, allowances and benefits in kind <i>S\$'000</i>	Discretionary performance- related bonuses <i>S\$'000</i>	Pension scheme contributions <i>S\$'000</i>	Total remuneration <i>S\$'000</i>
Executive Directors:				
Ms. Low	60	—	10	70
Mr. Chiu Ka Wai	54	—	4	58
Mr. Sean Low	<u>49</u>	<u>4</u>	<u>9</u>	<u>62</u>
	<u>163</u>	<u>4</u>	<u>23</u>	<u>190</u>

Year ended 31 December 2017	Salaries, allowances and benefits in kind <i>S\$'000</i>	Discretionary performance- related bonuses <i>S\$'000</i>	Pension scheme contributions <i>S\$'000</i>	Total remuneration <i>S\$'000</i>
Executive Directors:				
Ms. Low	88	—	11	99
Mr. Chiu Ka Wai	96	—	5	101
Mr. Sean Low	<u>54</u>	<u>6</u>	<u>10</u>	<u>70</u>
	<u>238</u>	<u>6</u>	<u>26</u>	<u>270</u>

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Track Record Period included three Directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining two highest paid employees who are neither a Director nor chief executive of the Group during the Track Record Period are as follows:

	Year ended 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Salaries, allowances and benefits in kind	245	268	454
Discretionary performance-related bonuses	11	14	8
Pension scheme contributions	<u>28</u>	<u>38</u>	<u>51</u>
	<u>284</u>	<u>320</u>	<u>513</u>

The number of non-Director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees		
	Year ended 31 December		
	2015	2016	2017
Nil to HK\$1,000,000 (equivalent to S\$181,000)	<u>2</u>	<u>2</u>	<u>2</u>

During the Track Record Period, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Subsidiaries in Singapore and Malaysia are subject to taxation at rates of 17% and 25%, 17% and 24%, and 17% and 24% on the estimated profits arising in Singapore and Malaysia during the years ended 31 December 2015, 2016 and 2017, respectively.

	Year ended 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Current income tax			
- Current year	227	307	283
- (Over)/under provision in respect of previous years	<u>(7)</u>	<u>17</u>	<u>10</u>
	<u>220</u>	<u>324</u>	<u>293</u>
Deferred tax (note 21)			
- Current year	(18)	(48)	57
- Over provision in respect of previous years	<u>—</u>	<u>—</u>	<u>(8)</u>
	<u>(18)</u>	<u>(48)</u>	<u>49</u>
Tax expense for the year	<u>202</u>	<u>276</u>	<u>342</u>

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate to the tax expense at the effective tax rates, and a reconciliation of the applicable rate (i.e. the statutory tax rate) to the effective tax rate, are as follows:

	Year ended 31 December					
	2015		2016		2017	
	S\$'000	%	S\$'000	%	S\$'000	%
Profit before tax	<u>939</u>		<u>1,644</u>		<u>(1,920)</u>	
Tax at the rate of 17%	160	17.0	279	17.0	(326)	17.0
Effect of different tax rate in other country*	23	2.5	15	0.9	10	(0.5)
Expenses not deductible for tax	122	13.0	148	9.0	757	(39.4)
(Over)/under provision in respect of prior years	(7)	(0.7)	17	1.0	2	(0.1)
Effect of partial tax exemption, tax relief and corporate income tax rebate	(85)	(9.1)	(162)	(9.9)	(90)	4.7
Effect of Productivity and Innovation Credit incentive	(11)	(1.2)	(24)	(1.5)	(9)	0.5
Others	<u>—</u>	<u>—</u>	<u>3</u>	<u>0.2</u>	<u>(2)</u>	<u>0.1</u>
Tax charged at the Group's effective tax rate	<u>202</u>	<u>21.5</u>	<u>276</u>	<u>16.7</u>	<u>342</u>	<u>(17.7)</u>

* Effects of higher tax rates in Malaysia at 25% for the year ended 31 December 2015, 24% for the years ended 31 December 2016 and 2017, respectively

The tax incentive pertains to the Productivity and Innovation Credit ("PIC") Scheme. The PIC Scheme was introduced in the Singapore Budget 2010 to provide tax benefits for investments by businesses in a broad range of activities along the innovation value chain. Enhancements to the PIC Scheme were introduced in the Singapore Budget 2011 to 2015. In the Singapore Budget 2014, the PIC Scheme was extended for 3 years. Currently, tax benefits provided under the PIC Scheme will depend on the quantum of expenditure incurred for the qualifying activities from year of assessment ("YA") 2015 to YA 2018 and fulfilment of the relevant conditions.

12. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

The dividends declared and paid by Bosses Restaurant Pte. Ltd. and J W Central Pte. Ltd., subsidiaries of the Company, to the then shareholder during the Track Record Period is as follows:

	Year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Bosses Restaurant Pte. Ltd.:			
Interim dividend of S\$2.80 per ordinary share for the financial year ended 31 December 2016 (one-tier tax exempt)	—	1,400	—
Interim dividend of S\$0.66 per ordinary share for the financial year ended 31 December 2017 (one-tier tax exempt)	—	—	330
J W Central Pte. Ltd.:			
Interim dividend of S\$2.60 per ordinary share for the financial year ended 31 December 2016 (one-tier tax exempt)	—	910	—
Interim dividend of S\$3.29 per ordinary share for the financial year ended 31 December 2017 (one-tier tax exempt)	—	—	1,152
	<u>—</u>	<u>2,310</u>	<u>1,482</u>

The interim dividends have been settled against the amount due from a Director of the Company.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Track Record Period on a consolidated basis as disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold apartment S\$'000	Leasehold land and building S\$'000	Kitchen and bar equipment S\$'000	Motor vehicles and S\$'000	Furniture and fittings S\$'000	Computers and office equipment S\$'000	Leasehold improvements S\$'000	Total S\$'000
31 December 2015								
At 1 January 2015:								
Cost	155	644	1,512	111	593	340	2,956	6,311
Accumulated depreciation	(27)	(64)	(1,212)	(95)	(368)	(199)	(2,230)	(4,195)
Net carrying amount	<u>128</u>	<u>580</u>	<u>300</u>	<u>16</u>	<u>225</u>	<u>141</u>	<u>726</u>	<u>2,116</u>
At 1 January 2015, net of accumulated depreciation	128	580	300	16	225	141	726	2,116
Additions	—	—	45	37	23	56	854	1,015
Disposal	—	—	(2)	—	(6)	—	—	(8)
Impairment loss	—	—	—	—	(17)	(1)	(76)	(94)
Depreciation provided during the year (note 7)	(3)	(12)	(88)	(11)	(54)	(58)	(386)	(612)
Exchange realignment	(16)	(75)	(18)	(2)	(22)	(2)	(38)	(173)
At 31 December 2015, net of accumulated depreciation and impairment	<u>109</u>	<u>493</u>	<u>237</u>	<u>40</u>	<u>149</u>	<u>136</u>	<u>1,080</u>	<u>2,244</u>
At 31 December 2015:								
Cost	135	560	1,402	133	467	367	3,545	6,609
Accumulated depreciation and impairment	(26)	(67)	(1,165)	(93)	(318)	(231)	(2,465)	(4,365)
Net carrying amount	<u>109</u>	<u>493</u>	<u>237</u>	<u>40</u>	<u>149</u>	<u>136</u>	<u>1,080</u>	<u>2,244</u>

	Freehold apartment S\$'000	Leasehold land and building S\$'000	Kitchen and bar equipment S\$'000	Motor vehicles S\$'000	Furniture and fittings S\$'000	Computers and office equipment S\$'000	Leasehold improvements S\$'000	Total S\$'000
31 December 2016								
At 1 January 2016:								
Cost	135	560	1,402	133	467	367	3,545	6,609
Accumulated depreciation and impairment	(26)	(67)	(1,165)	(93)	(318)	(231)	(2,465)	(4,365)
Net carrying amount	109	493	237	40	149	136	1,080	2,244
At 1 January 2016, net of accumulated depreciation and impairment	109	493	237	40	149	136	1,080	2,244
Additions	—	—	193	37	105	84	1,038	1,457
Disposal	—	—	(1)	—	—	—	—	(1)
Write-off	—	—	(1)	—	(8)	(1)	(13)	(23)
Impairment loss	—	—	—	—	—	—	(12)	(12)
Depreciation provided during the year (note 7)	(3)	(11)	(93)	(15)	(45)	(66)	(485)	(718)
Exchange realignment	(3)	(8)	(1)	(1)	(3)	—	(2)	(18)
At 31 December 2016, net of accumulated depreciation and impairment	103	474	334	61	198	153	1,606	2,929
At 31 December 2016:								
Cost	132	548	1,568	167	455	437	4,127	7,434
Accumulated depreciation and impairment	(29)	(74)	(1,234)	(106)	(257)	(284)	(2,521)	(4,505)
Net carrying amount	103	474	334	61	198	153	1,606	2,929

	Freehold apartment S\$'000	Leasehold land and building S\$'000	Kitchen and bar equipment S\$'000	Motor vehicles and S\$'000	Furniture and fittings S\$'000	Computers and office equipment S\$'000	Leasehold improvements S\$'000	Total S\$'000
31 December 2017								
At 1 January 2017								
Cost	132	548	1,568	167	455	437	4,127	7,434
Accumulated depreciation and impairment	(29)	(74)	(1,234)	(106)	(257)	(284)	(2,521)	(4,505)
Net carrying amount	103	474	334	61	198	153	1,606	2,929
At 1 January 2017, net of accumulated depreciation and impairment	103	474	334	61	198	153	1,606	2,929
Additions	—	—	168	10	193	37	216	624
Disposals	—	—	(6)	—	(1)	—	—	(7)
Write-off	—	—	—	—	—	—	(2)	(2)
Depreciation provided during the year (note 7)	(3)	(11)	(90)	(16)	(72)	(78)	(707)	(977)
Exchange realignment	2	8	3	1	—	—	4	18
At 31 December 2017, net of accumulated depreciation and impairment	102	471	409	56	318	112	1,117	2,585
At 31 December 2017:								
Cost	135	559	1,747	180	652	476	4,352	8,101
Accumulated depreciation and impairment	(33)	(88)	(1,338)	(124)	(334)	(364)	(3,235)	(5,516)
Net carrying amount	102	471	409	56	318	112	1,117	2,585

- (i) The carrying amounts of the Group's property, plant and equipment held under finance leases as at 31 December 2015, 2016 and 2017 is as follows:

	As at 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Computers and office equipment	36	17	—
Kitchen and bar equipment	13	11	96
Motor vehicles	<u>40</u>	<u>61</u>	<u>—</u>
	<u>89</u>	<u>89</u>	<u>96</u>

- (ii) The freehold apartment located at Kuala Lumpur, Malaysia relates to a unit in an apartment for the Group's hostel purposes. The carrying amounts of the Group's freehold apartment as at 31 December 2015, 2016 and 2017 were S\$109,000, S\$103,000 and S\$102,000, respectively.

The leasehold land and building located at Kuala Lumpur, Malaysia relates to a land and building for the Group's central kitchen, office and hostel purposes. The carrying amounts of the Group's leasehold land and building as at 31 December 2015, 2016 and 2017 were S\$493,000, S\$474,000 and S\$471,000, and the building was mortgaged as security for the facilities as set out in note 20 to the Historical Financial Information. As at 31 December 2017, the mortgage on the leasehold land and building has been fully released.

- (iii) The additions in property, plant and equipment are by means of:

	Year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Additions of property, plant and equipment	1,015	1,457	624
Less: provision for reinstatement costs (note 19)	(20)	(41)	(22)
Less: prepayment for property, plant and equipment	—	(50)	—
Less: finance lease arrangements	(32)	(46)	(116)
Less: trade and other payables	<u>(622)</u>	<u>(770)</u>	<u>(37)</u>
Cash invested in property, plant and equipment	<u>341</u>	<u>550</u>	<u>449</u>

- (iv) An impairment loss was recognised to write-down the carrying amount of furniture and fittings, computers and office equipment and leasehold improvements attributable to restaurant and outlets that had their leases terminated or early terminated by the landlord due to redevelopment of the shopping mall. The impairment loss of S\$94,000, S\$12,000 and nil has been recognised in profit or loss under the line item "other expenses" for the years ended 31 December 2015, 2016 and 2017, respectively.

15. INTANGIBLE ASSET

Franchise licence

S\$'000

31 December 2015

Cost at 1 January 2015, net of accumulated amortisation	—
Additions	—
Amortisation provided during the year (note 7)	—

At 31 December 2015, net of accumulated amortisation —

At 31 December 2015:

Cost	—
Accumulated amortisation	—

Net carrying amount —

31 December 2016

Cost at 1 January 2016, net of accumulated amortisation	—
Additions	243
Amortisation provided during the year (note 7)	(4)

At 31 December 2016 239

At 31 December 2016:

Cost	243
Accumulated amortisation	(4)

Net carrying amount 239

Franchise licence*S\$'000***31 December 2017**

At 1 January 2017:

Cost	243
Accumulated amortisation	<u>(4)</u>

Net carrying amount	<u>239</u>

At 1 January 2017, net of accumulated amortisation 239

Amortisation provided during the year (note 7) (49)At 31 December 2017, net of accumulated amortisation 190

At 31 December 2017:

Cost	243
Accumulated amortisation	<u>(53)</u>

Net carrying amount	<u>190</u>

The franchise licence of the Group represents the franchise fees paid for the right to use the manuals, trademarks and other intellectual property of the licensor, which is an independent third party company. The remaining period for the right of use was approximately four years as at 31 December 2017.

16. INVENTORIES**As at 31 December**

	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Raw materials	227	339	378
Finished goods	18	30	22
Food and beverage, and other operating items for restaurant operations	<u>47</u>	<u>61</u>	<u>62</u>
	<u>292</u>	<u>430</u>	<u>462</u>

17. TRADE AND OTHER RECEIVABLES

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Trade receivables	75	236	287
Other receivables	1	4	131
Refundable deposits	<u>1,176</u>	<u>1,388</u>	<u>1,750</u>
	1,252	1,628	2,168
Less: Refundable deposits classified as non-current assets	<u>671</u>	<u>986</u>	<u>685</u>
Trade and other receivables - current portion	<u><u>581</u></u>	<u><u>642</u></u>	<u><u>1,483</u></u>

The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit term to franchisees is generally 14 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to credit card receivables from banks and franchisees, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Track Record Period, based on the invoice date, is as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Less than 30 days	60	140	227
31 to 60 days	—	4	39
More than 60 days	<u>15</u>	<u>92</u>	<u>21</u>
	<u><u>75</u></u>	<u><u>236</u></u>	<u><u>287</u></u>

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Neither past due nor impaired	57	138	168
Past due but not impaired:			
- Less than 30 days	3	2	59
- 31 to 60 days	—	4	39
- More than 60 days	<u>15</u>	<u>92</u>	<u>21</u>
	<u>75</u>	<u>236</u>	<u>287</u>

Receivables that were neither past due nor impaired relate to credit card receivables from banks and franchisees with a good track record for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers and franchisees that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18. RESTRICTED CASH, CASH AND CASH EQUIVALENTS

	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Cash and bank balances	648	812	3,112
Fixed deposits with licensed banks	<u>493</u>	<u>497</u>	<u>518</u>
Cash and cash equivalents	1,141	1,309	3,630
Restricted cash	<u>127</u>	<u>130</u>	<u>156</u>
Cash and short term deposits	<u>1,268</u>	<u>1,439</u>	<u>3,786</u>

A fixed deposit is pledged to a licensed bank for banking facilities granted to the Group as at 31 December 2015, 2016 and 2017 amounting to S\$127,000, S\$130,000 and S\$156,000, respectively. The interest rates of the fixed deposits range from 3.10% to 3.15% per annum as at 31 December 2015 and

2016, and 0.35% to 3.1% per annum as at 31 December 2017. The maturity periods of the fixed deposits during the financial years 2015 and 2016 range from 30 days to 90 days and the year ended 31 December 2017 range from 30 days to 365 days.

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Cash and short-term deposits	1,268	1,439	3,786
Less: Fixed deposit pledged	<u>(127)</u>	<u>(130)</u>	<u>(156)</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows	<u>1,141</u>	<u>1,309</u>	<u>3,630</u>

Cash and bank balances denominated in foreign currency is as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Hong Kong Dollar	<u>—</u>	<u>—</u>	<u>1,651</u>

19. TRADE AND OTHER PAYABLES

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Trade payables	828	1,362	960
Other payables	174	379	606
Accrued expenses	1,240	1,038	1,597
Deferred revenue	45	49	64
Deferred rental liability	74	179	141
Provision for unutilised leave	36	60	58
Provision for reinstatement costs	109	141	153
Goods and services tax ("GST") payables	<u>70</u>	<u>57</u>	<u>168</u>
	2,576	3,265	3,747
Less: Other payables classified as non-current liabilities	<u>(84)</u>	<u>(105)</u>	<u>(70)</u>
	<u>2,492</u>	<u>3,160</u>	<u>3,677</u>

Trade payables and other payables are normally settled on 60 day's terms. These amounts are non-interest bearing.

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date is as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Less than 30 days	372	524	442
30 to 60 days	245	443	364
61 to 90 days	141	210	134
More than 90 days	<u>70</u>	<u>185</u>	<u>20</u>
	<u>828</u>	<u>1,362</u>	<u>960</u>

Trade and other payables denominated in foreign currency are as follows:

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
Thai Baht	—	20	7
Malaysian Ringgit	<u>—</u>	<u>—</u>	<u>9</u>

Provision for reinstatement costs

	As at 31 December		
	2015	2016	2017
	S\$'000	S\$'000	S\$'000
At 1 January	115	109	141
Additions	20	41	22
Utilisation	(18)	(8)	(8)
Exchange difference	<u>(8)</u>	<u>(1)</u>	<u>(2)</u>
At 31 December	<u>109</u>	<u>141</u>	<u>153</u>

Provision for reinstatement costs is recognised when the Group entered into a lease agreement for the premises. It includes the estimated cost of demolishing and removing all the leasehold improvements made by the Group to the premises. The premises shall be reinstated to the condition set up in the lease agreements upon the expiration of the lease agreements. The Group incurred reinstatement costs for certain closed outlets during the years ended 31 December 2015, 2016 and 2017, respectively.

20. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December		2015		2016		2017	
	<i>Effective interest rate</i>	<i>Maturity*</i>	<i>Effective interest rate</i>	<i>Maturity*</i>	<i>Effective interest rate</i>	<i>Maturity*</i>	<i>S\$'000</i>
Current							
Bank loans - secured	6% per annum on monthly rests	2016	46 6% - 6.75% per annum on monthly rests	2017	87 —	—	—
Bank loans - secured	4.25% - 4.5% flat rate per annum	2016	171 4.25% - 4.5% flat rate per annum	2017	160 —	—	—
Bank loans - secured	0.88% per annum above the Business Board Rate ("BBR")	2016	77 0.88% - 1% per annum above the Business Board Rate ("BBR")	2017	115 —	—	—
Bank loans - secured	—	—	— 0.12% - 2.12% per annum below the Business Term Rate ("BTR")	2017	47 —	—	—
Bank loans - secured	—	—	— 6.25% per annum on a monthly rest on a 365 day year basis	2017	17 —	—	—
Bank loans - secured	7.5% - 8.5% effective rate per annum	2016	113 7.5% - 8.5% effective rate per annum	2017	198 —	—	—

ACCOUNTANTS' REPORT

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As at 31 December	2015		2016		2017	
	<i>Effective interest rate</i>	<i>Maturity*</i>	<i>Effective interest rate</i>	<i>Effective interest rate</i>	<i>Maturity*</i>	<i>S\$'000</i>
Non-Current						
Bank loans - secured	6% per annum on monthly rests	2019	143 6% - 6.75% per annum on monthly rests	250 —	—	—
Bank loans - secured	4.25% - 4.5% flat rate per annum	2017-2018	120 4.25% flat rate per annum	108 —	—	—
Bank loans - secured	0.88% per annum above the Business Board Rate ("BBR")	2018	137 0.88% - 1% per annum above the Business Board Rate ("BBR")	105 —	—	—
Bank loans - secured	—	—	— 0.12% to 2.12% per annum below the Business Term Rate ("BTR")	202 —	—	—
Bank loans - secured	—	—	— 6.25% per annum on a monthly rest on a 365 day year basis	62 —	—	—
Bank loans - secured	7.5% - 8.5% effective rate per annum	2017-2018	135 7.5% - 8.5% effective rate per annum	206 —	—	—

ACCOUNTANTS' REPORT

* Maturity period is based on the terms stated in the contractual agreements

	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Analysed into:			
Within one year	493	756	682
In the second year	98	216	726
In the third to fifth years	511	895	398
Over five years	<u>516</u>	<u>481</u>	<u>—</u>
	<u>1,618</u>	<u>2,348</u>	<u>1,806</u>

Singapore Dollar (“S\$”) term loans

The Group’s term loans denominated in S\$ are supported by way of personal guarantees provided by a Director of the Group. These term loans were fully repaid during the year ended 31 December 2017.

On 24 May 2017, the Group entered a refinancing agreement with another financial institution. The term loan is secured by way of personal guarantee by a Director of the Group. The refinancing term loan matures on 31 May 2020.

Malaysian Ringgit (“RM”) property loans

Property loans from a financial institution are repayable over 20 years from February 2010 and 10 years from May 2014, respectively. The Group’s property loans denominated in RM are secured by way of personal guarantees provided by a Director of the Group and legal mortgages of the Group’s leasehold building which had carrying amounts of S\$493,000 and S\$474,000 at 31 December 2015 and 31 December 2016, respectively. The property loans were fully repaid during the year ended 31 December 2017.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (note 24). The discount rate implicit in the leases ranges from 1.98% to 3.50%, 1.98% to 3.36% and 4.6% as at 31 December 2015, 2016 and 2017, respectively.

21. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Track Record Period are as follows:

Deferred tax assets (prior to offset)

	Tax losses^(a) <i>S\$'000</i>	Provisions <i>S\$'000</i>	Others^(b) <i>S\$'000</i>	Total <i>S\$'000</i>
At 1 January 2015	—	5	11	16
Deferred tax credited to the statements of profit or loss during the year (note 11)	—	6	18	24
Exchange differences	<u>—</u>	<u>—</u>	<u>(2)</u>	<u>(2)</u>
At 31 December 2015 and 1 January 2016	—	11	27	38
Deferred tax credited to the statements of profit or loss during the year (note 11)	<u>32</u>	<u>3</u>	<u>25</u>	<u>60</u>
At 31 December 2016 and 1 January 2017	32	14	52	98
Deferred tax (charged)/credited to the statements of profit or loss during the year (note 11)	<u>(24)</u>	<u>13</u>	<u>(22)</u>	<u>(33)</u>
At 31 December 2017	<u><u>8</u></u>	<u><u>27</u></u>	<u><u>30</u></u>	<u><u>65</u></u>

Deferred tax liabilities (prior to offset)

	Accelerated tax depreciation <i>S\$'000</i>
At 1 January 2015	90
Deferred tax charged to the statements of profit or loss during the year (note 11)	6
Exchange differences	<u>(9)</u>
At 31 December 2015 and 1 January 2016	87
Deferred tax charged to the statements of profit or loss during the year (note 11)	<u>12</u>
At 31 December 2016 and 1 January 2017	99
Deferred tax charged to the statements of profit or loss during the year (note 11)	16
Exchange differences	<u>(2)</u>
At 31 December 2017	<u><u>113</u></u>

^(a) The Group has tax losses arising from Singapore of S\$Nil, S\$188,000 and S\$47,000 as at 31 December 2015, 2016 and 2017, respectively. The tax losses arising in Singapore, subject to the agreement by the Inland Revenue Authority of Singapore, are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

^(b) Others mainly relate to temporary differences arising from lease accounting adjustments.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2015 <i>S\$'000</i>	2016 <i>S\$'000</i>	2017 <i>S\$'000</i>
Net deferred tax assets recognised in the consolidated statements of financial position	12	49	15
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>(61)</u>	<u>(50)</u>	<u>(63)</u>
	<u><u>(49)</u></u>	<u><u>(1)</u></u>	<u><u>(48)</u></u>

22. SHARE CAPITAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2017 with authorised share capital of HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each. On the date of incorporation, 1 share of nominal value of HK\$0.01 was allotted and issued to Ms. Low. Upon the completion of the Reorganisation on 11 August 2017, the Company became the holding company of the Group.

Shares

**As at
31 December
2017**
S\$'000

Issued and fully paid:

387,500,000 ordinary shares	<u>676</u>

A summary of movements in the Company's share capital is as follows:

	Number of shares in issued	Share capital <i>S\$'000</i>	Share premium <i>S\$'000</i>	Total <i>S\$'000</i>
At 22 May 2017 (date of incorporation)	1	—	—	—
Issue of shares for acquisition of a subsidiary in connection with the Reorganisation (note a)	<u>387,499,999</u>	<u>676</u>	<u>5,182</u>	<u>5,858</u>
At 31 December 2017	<u>387,500,000</u>	<u>676</u>	<u>5,182</u>	<u>5,858</u>

Note:

- (a) In preparation for the listing of shares of the Company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent the reorganisation and 387,499,999 shares of HK\$0.01 each, were issued to acquire the shares of one of the subsidiaries.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

23. RESERVES

The amounts of the Group's reserves and the movements therein for the Track Record Period are presented in the consolidated statements of changes in equity.

(a) Other reserves***Merger reserve***

Merger reserve represents the difference between the consideration paid and the share capital of the acquired entities under common control as disclosed in note 1.

The addition of S\$500,000 during the year ended 31 December 2016 represents the subscription of shares in a subsidiary by the Controlling Shareholder.

The addition of S\$5,858,000 (equivalent to HK\$32,700,000) during the year ended 31 December 2017 represents the proceeds from a pre-listing investor while the shares subscribed are issued after the balance sheet date. The capital injection proceeds were satisfied via shares issued on 11 May 2017 by one of the Group's subsidiaries, JLogo Limited.

387,499,999 fully-paid ordinary shares of the Company were issued to acquire the shares of JLogo Limited in connection with the Reorganisation.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all relevant exchange differences arising from the translation of the financial statements of foreign operations.

Share premium

Share premium represents the difference between the nominal value and the issuing value of the shares. The additions of \$5,182,000 during the year ended 31 December 2017 represents the Company issued shares at a premium.

(b) A summary of the Company's reserves

	Share premium <i>S\$'000</i>	Total <i>S\$'000</i>
At 22 May 2017 (date of incorporation)	—	—
Issue of shares for acquisition of a subsidiary in connection with the Reorganisation	<u>5,182</u>	<u>5,182</u>
	<u>5,182</u>	<u>5,182</u>

24. COMMITMENTS

(a) Operating lease commitments — as lessee

The Group leases certain of its restaurants, outlets and office premises under operating lease arrangements. Leases for restaurants, outlets and office premises are negotiated for terms ranging from one to four years.

The operating lease rentals of certain restaurants are based solely on the sales of those restaurants or on the higher of a fixed rental and contingent rent based on the sales of those restaurants. The Directors are of the view that, as the future sales of those restaurants could not be accurately estimated, the relevant rental commitments have not been included in operating lease arrangements.

At 31 December 2015, 2016 and 2017, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2015 <i>S\$'000</i>	2016 <i>S\$'000</i>	2017 <i>S\$'000</i>
Within one year	3,422	3,799	3,852
In the second to fifth years, inclusive	<u>6,025</u>	<u>4,050</u>	<u>3,271</u>
	<u>9,447</u>	<u>7,849</u>	<u>7,123</u>

(b) Finance lease commitment — as lessee

The Group had finance leases for certain items of equipment and motor vehicles. Future minimum lease payments together with the present value of the net minimum lease payments were as follows:

	As at 31 December					
	2015		2016		2017	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Not later than one year	39	35	43	38	45	37
Later than one year but not later than five years	55	50	51	46	85	79
	94	85	94	84	130	116
Less: Amounts representing finance charges	(9)	—	(10)	—	(14)	—
Present value of finance lease liabilities	85	85	84	84	116	116

(c) Capital commitment

Under the Greyhound franchise agreement, the Group is committed to open a certain number of franchised “Greyhound café” restaurants in Singapore within five years from the date of the Greyhound franchise agreement.

25. RELATED PARTY TRANSACTIONS AND BALANCES**(a) The outstanding balances with a related party are as follows:****(1) Due from a Director**

	As at 31 December		
	2015 <i>S\$'000</i>	2016 <i>S\$'000</i>	2017 <i>S\$'000</i>
Ms. Low (i)	<u>3,386</u>	<u>2,766</u>	<u>—</u>

(2) Due to a Director

	As at 31 December		
	2015 <i>S\$'000</i>	2016 <i>S\$'000</i>	2017 <i>S\$'000</i>
Ms. Low (i)	<u>636</u>	<u>412</u>	<u>—</u>

(3) Maximum amount outstanding with a Director during the Track Record Period:

	As at 31 December		
	2015 <i>S\$'000</i>	2016 <i>S\$'000</i>	2017 <i>S\$'000</i>
Due from Ms. Low	<u>3,386</u>	<u>5,076</u>	<u>2,766</u>

Note:

- (i) The balances with a Director are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximate to their fair values. The outstanding balances due from / to a Director, on a net basis, have been net off against the 2016 and 2017 interim dividends declared by subsidiaries of the Group of approximately S\$2,310,000 and S\$1,482,000 during the year ended 31 December 2016 and 2017.

(b) Significant related party transactions during the Track Record Period is as follows:

	Year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Other income received from a Director-related company*	83	—	—
Sale to a Director-related company^	14	14	—
Cost of materials purchased from a Director-related company#	2	—	1
Cost of materials purchased from a Director-related company^	<u>87</u>	<u>133</u>	<u>—</u>

* The income was received from Bread Story Concept Sdn. Bhd. of which Ms. Low was a director, under prices mutually agreed by both parties.

^ The sale to and materials purchased from Yu Cuisine Pte. Ltd., a company of which Ms. Low was a director, were under prices mutually agreed by both parties.

The materials were purchased from Loaves & Fishes Private Limited, a company of which Mr. Sean Low was a director, under prices mutually agreed by both parties.

(c) Personal guarantee by a Director

The Group's property loans and term loans in RM and S\$ are supported by way of personal guarantees provided by Ms. Low, a Director of the Company. The property loans and term loans were fully repaid and refinanced through a new term loan during the year ended 31 December 2017. The term loan as at 31 December 2017 is secured by way of personal guarantee provided by Ms. Low, a Director of the Company (note 20).

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Salaries, allowances and benefits in kind	150	163	238
Discretionary performance-related bonuses	6	4	6
Pension scheme contributions	<u>19</u>	<u>23</u>	<u>26</u>
	<u>175</u>	<u>190</u>	<u>270</u>

Further details of Directors' and the chief executive's emoluments are included in note 9 to the Historical Financial Information.

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Track Record Period are as follows:

Financial assets

	Loans and receivables		
	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Non-current rental deposits	671	986	685
Trade and other receivables	581	642	1,483
Due from a Director of the Company	3,386	2,766	—
Restricted cash	127	130	156
Cash and cash equivalents	<u>1,141</u>	<u>1,309</u>	<u>3,630</u>
	<u>5,906</u>	<u>5,833</u>	<u>5,954</u>

Financial liabilities

	Financial liabilities at amortised cost		
	As at 31 December		
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Financial liabilities included in trade and other payables	1,833	2,361	2,701
Due to a Director of the Company	636	412	—
Interest-bearing bank and other borrowings	<u>1,618</u>	<u>2,348</u>	<u>1,806</u>
	<u>4,087</u>	<u>5,121</u>	<u>4,507</u>

27. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade and other payables, an amount due from/(to) a Director and interest-bearing bank and other borrowings (current portion) approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the Directors. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Directors.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate their fair values:

The fair values of non-current deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities, and were assessed to be approximating to their carrying amounts.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and seek to minimise potential adverse effects on the financial performance of the Group. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group adopts the policy of dealing only with customers with appropriate credit history. For financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Customers' payment profile and credit exposure are continuously monitored by the Group.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the statement of financial position. The Group's major classes of financial assets are cash and cash equivalents and trade and other receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 17 to the Historical Financial Information.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

As at 31 December 2015, 2016 and 2017, the Group had interest-bearing bank and other borrowings of S\$1,618,000, S\$2,348,000 and S\$1,806,000, respectively. If S\$ interest rates had been 300 basis points higher/lower with all other variables held constant, the Group's profit before tax would have been S\$49,000 and S\$70,000 lower/higher for the years ended 31 December 2015 and 2016 respectively and loss before tax would have been S\$54,000 higher/lower for the year ended 31 December 2017, arose mainly as a result of the higher/lower interest expense on floating rate loans and borrowings.

Liquidity risk

The Group manages liquidity risk by maintaining cash and available funding through committed credit facilities sufficient to enable it to meet its operational requirements.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

As at 31 December 2015	Within 1 year S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
Financial liabilities included in trade and other payables	1,833	—	—	1,833
Due to a Director of the Company	636	—	—	636
Interest-bearing bank and other borrowings	<u>568</u>	<u>824</u>	<u>552</u>	<u>1,944</u>
	<u>3,037</u>	<u>824</u>	<u>552</u>	<u>4,413</u>
As at 31 December 2016	Within 1 year S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
Financial liabilities included in trade and other payables	2,361	—	—	2,361
Due to a Director of the Company	412	—	—	412
Interest-bearing bank and other borrowings	<u>881</u>	<u>1,372</u>	<u>501</u>	<u>2,754</u>
	<u>3,654</u>	<u>1,372</u>	<u>501</u>	<u>5,527</u>

APPENDIX I**ACCOUNTANTS' REPORT**

As at 31 December 2017	Within 1 year S\$'000	1 to 5 years S\$'000	Over 5 years S\$'000	Total S\$'000
Financial liabilities included in trade and other payables	2,701	—	—	2,701
Interest-bearing bank and other borrowings	<u>775</u>	<u>1,180</u>	<u>—</u>	<u>1,955</u>
	<u>3,476</u>	<u>1,180</u>	<u>—</u>	<u>4,656</u>

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to provide adequate cash flows to meet its operating requirements.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes for the financial years ended 31 December 2015, 2016 and 2017.

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the total equity which is the Group's capital. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at the end of each of the Track Record Period are as follows:

	As at 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Interest-bearing bank and other borrowings	1,618	2,348	1,806
Total equity	<u>3,392</u>	<u>2,936</u>	<u>5,064</u>
Gearing ratio	<u>48%</u>	<u>80%</u>	<u>36%</u>

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities during the Track Record Period are as follows:

	Non-cash changes				
	As at 31		Acquisition	Foreign	As at 31
	December	Cash flows	of property,	exchange	December
	2014		plant and	movement	2015
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Fixed deposits pledged	(124)	(3)	—	—	(127)
Bank loans	1,098	435	—	—	1,533
Finance leases	<u>107</u>	<u>(54)</u>	<u>32</u>	<u>—</u>	<u>85</u>
Total liabilities from financing activities	<u>1,081</u>	<u>378</u>	<u>32</u>	<u>—</u>	<u>1,491</u>

	Non-cash changes				
	As at 31		Acquisition	Foreign	As at 31
	December	Cash flows	of property,	exchange	December
	2015		plant and	movement	2016
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Fixed deposits pledged	(127)	(3)	—	—	(130)
Bank loans	1,533	730	—	1	2,264
Finance leases	<u>85</u>	<u>(47)</u>	<u>46</u>	<u>—</u>	<u>84</u>
Total liabilities from financing activities	<u>1,491</u>	<u>680</u>	<u>46</u>	<u>1</u>	<u>2,218</u>

	Non-cash changes				
	As at 31		Acquisition	Foreign	As at 31
	December	Cash flows	of property,	exchange	December
	2016		plant and	movement	2017
	S\$'000	S\$'000	equipment		S\$'000
Fixed deposits pledged	(130)	(26)	—	—	(156)
Bank loans	2,264	(574)	—	—	1,690
Finance leases	84	(84)	116	—	116
Total liabilities from financing activities	<u>2,218</u>	<u>(684)</u>	<u>116</u>	<u>—</u>	<u>1,650</u>

30. EVENTS AFTER THE TRACK RECORD PERIOD

No other material events after the Track Record Period should be disclosed.

31. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the Accountants' Report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of net tangible assets prepared in accordance with Rule 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants is set forth to illustrate the effect of the Share Offer on the consolidated net tangible assets as of 31 December 2017 as if it had taken place on 31 December 2017. The unaudited pro forma statement of consolidated net tangible assets has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets as of 31 December 2017 or any future date following the Share Offer. It is prepared based on the audited consolidated net assets attributable to owners of the Company as of 31 December 2017 as set forth in the accountants' report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of consolidated net tangible assets does not form part of the accountants' report in Appendix I to this prospectus.

	Audited consolidated net tangible assets attributable to owners of the Company as at 31 December 2017 <i>Note 1</i> S\$'000	Estimated net proceeds from the Share Offer <i>Note 2</i> S\$'000	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company <i>Note 3,4</i> S\$ HK\$ equivalent		
Based on the Share Offer Price of HK\$0.5 per Offer Share	<u>4,874</u>	<u>7,263</u>	<u>12,137</u>	<u>0.024</u>	<u>0.140</u>
Based on the Share Offer Price of HK\$0.6 per Offer Share	<u><u>4,874</u></u>	<u><u>9,139</u></u>	<u><u>14,013</u></u>	<u><u>0.028</u></u>	<u><u>0.164</u></u>

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as of 31 December 2017 is extracted from the accountants' report as set forth in Appendix I to this prospectus, which is based on the audited consolidated net assets attributable to owners of our Company of approximately S\$5,064,000 excluding intangible asset of approximately S\$190,000 as of 31 December 2017.
- (2) The estimated net proceeds from the Share Offer are based on the indicative Share Offer Prices of HK\$0.5 (equivalent to S\$0.09) and HK\$0.6 (equivalent to S\$0.10) per Offer Share, respectively, after deduction of the underwriting fees and other related expenses (excluding approximately S\$3,162,000 expenses related to the Listing which have been accounted for prior to 31 December 2017).
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is determined after the adjustments as described in notes (1) and (2) above and on the basis that 500,000,000 Shares are issued and outstanding (being the number of Shares expected to be in issue immediately after completion of the Share Offer). The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is converted into Hong Kong Dollars at an exchange rate of HK\$1 to S\$0.171.
- (4) No adjustment has been made to reflect any trading results or other transactions entered into by our Group subsequent to 31 December 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this prospectus.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of JLogo Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of JLogo Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2017 and related notes as set out on pages II-1 and II-2 of the prospectus dated 20 April 2018 issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the public offer and placing of shares of the Company on the Group's financial position as at 31 December 2017 as if the transaction had taken place at 31 December 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2017, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, 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 accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the 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 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 International Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board ("IAASB"). This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the public offer and placing of shares of the Company on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

20 April 2018

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2017 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 4 April 2018 and effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) *Transfer of shares*

Subject to the Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the GEM Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) *Power of the Company to purchase its own shares*

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one 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

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) **Directors**

(i) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

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At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resigns;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any

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particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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***

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

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The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of such other company. The Board may

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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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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/have 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 proposal concerning an offer of shares, 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their

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close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) *Proceedings of the Board*

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) **Meetings of member**

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

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(ii) *Voting rights and right to demand a poll*

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the GEM Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

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(iii) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Companies Law and the GEM Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

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(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, and continues to be present until the conclusion of the meeting.

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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) **Accounts and audit**

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

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The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

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Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

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The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction 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 consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the

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members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 22 May 2017 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

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- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

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A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

The undertaking for the Company is for a period of 20 years from 22 June 2017.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

APPENDIX III SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the 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 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.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 22 May 2017. We have established a principal place of business in Hong Kong at 9/F, Wah Yuen Building, 149 Queen's Road Central, Hong Kong and have been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Mr. Tso Ping Cheong Brian (曹炳昌) has been appointed as our authorised representative for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and operation and our constitutive documents, which comprise Memorandum of Association and Articles of Association, are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum of Association and Articles of Association is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this prospectus.

2. Changes in share capital of our Company

On the date of incorporation, our authorised share capital was HK\$100,000,000 divided into 10,000,000,000 Shares of a par value of HK\$0.01 each. Please refer to the section headed "History, Reorganisation and Corporate Structure" in this prospectus for details relating to the issue and the transfer of shares in the issued capital of our Company. Save as disclosed in this prospectus, there has been no alteration and no redemption, repurchase or sale of the share capital in our Company since the date of the incorporation of our Company.

Assuming that the Share Offer becomes unconditional and the Offer Shares are issued but prior to any Shares being issued pursuant to the exercise of any option that may be granted under the Share Option Scheme, a total of 500,000,000 Shares will have been issued by us, fully paid or credited as fully paid.

3. Subsidiaries and changes in capital structure of our subsidiaries

Our subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants' Report, our Company has no other subsidiaries.

Please refer to the section headed "History, Reorganisation and Corporate Structure" in this prospectus for details relating to the changes to the capital structure of our subsidiaries during the Track Record Period. Save as disclosed in this prospectus, there has been no change to the capital structure of our subsidiaries within the two years immediately prior to the issue of this prospectus.

4. Reorganisation

In preparation for the Listing, the companies comprising our Group underwent the Reorganisation and our Company became the holding company of our Group. Please refer to the section headed “History, Reorganisation and Corporate Structure” for details.

Following the completion of the Reorganisation, our Company became the holding company of our principal operating subsidiaries within our Group.

5. Resolutions in writing of our Shareholders passed on 4 April 2018

Pursuant to the written resolutions passed by all of our Shareholders on 4 April 2018, among others:

- (a) the Memorandum and Articles of Association were approved and adopted conditional upon Listing;
- (b) conditional on (i) the Listing Division granting the approval of the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise:
 - (i) the Listing and the Share Offer were approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Share Offer;
 - (ii) the rules of the Share Option Scheme were conditionally approved and adopted and the Directors were authorised, subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant thereto and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
 - (iii) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend, schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles of Association, or under the Share Offer, or issue of Shares upon exercise of rights of subscription or conversion attaching to any warrants of our Company or any securities which are convertible into Shares, Shares with an aggregate number of not exceeding the sum of (aa) 20% of the total number of Shares in issue immediately following completion of the Share Offer but excluding (where applicable) any Shares which may be issued pursuant to any options that may be granted under the Share Option Scheme) and (bb) the number of Shares which may be purchased by our Company pursuant to the authority granted to the Directors as referred to below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general

meeting of our Company is required by the Articles of Association or the Companies Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first (the “**Issuing Mandate**”);

- (iv) a general unconditional mandate was given to the Directors to exercise all powers of our Company to purchase Shares with an aggregate number of not exceeding 10% of the total number of Shares in issue immediately following the completion of the Share Offer but excluding (where applicable) any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or the Companies Law to be held, or the passing of an ordinary resolution by our Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and
- (v) the extension of the Issuing Mandate to include the number of Shares which may be purchased or repurchased pursuant to paragraph (iv) above; and
- (c) the form and substance of each of the service contracts (including the duration thereof) made between our executive Directors and our Company were approved.

B. REPURCHASE OF OUR SHARES

This sub-section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by us of our own securities.

1. Provisions under the GEM Listing Rules

The GEM Listing Rules permit issuers to repurchase shares on GEM or on another stock exchange recognised for this purpose by the SFC and the Stock Exchange, subject to certain restrictions, the more important of which are summarised below. For the purpose of this paragraph, references to “**shares**” shall mean shares of all classes and securities which carry a right to subscribe or purchase shares, of the issuer and references to “**purchases of shares**” include purchases by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.

(a) *Shareholders’ approval*

Under the GEM Listing Rules, all proposed repurchase of shares on GEM (which must be fully paid-up) by issuers 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.

(b) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with our Articles of Association and the GEM Listing Rules and the applicable laws of the place of incorporation of the relevant listed company. A listed 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. Subject to the foregoing, any repurchases by us may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase.

(c) *Trading restrictions*

The total number of shares which a listed company may repurchase on GEM is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new shares for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring our company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on GEM if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on GEM. The GEM Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of shares discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) *Status of repurchased Shares*

All repurchased shares (whether effected on GEM or otherwise) will, subject to applicable law, be automatically delisted and the certificates for those shares must be cancelled and destroyed.

(e) *Suspension of repurchase*

A listed company may not make any repurchase of shares after inside information has come to its knowledge until the inside information has been made publicly available. In particular, during the period of 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 Rules) for the approval of a listed company's results for any year, half-year, quarter-year period or any other interim period (whether or not required under the GEM Listing Rules) and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the GEM Listing Rules, or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its shares on GEM other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of shares on GEM if a listed company has breached the GEM Listing Rules.

(f) *Reporting requirements*

Certain information relating to repurchases of shares on GEM or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(g) *Core connected persons*

A listed company is prohibited from knowingly repurchasing shares on GEM from a “**core connected person**”, that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his shares to the company.

2. **Reasons for repurchases**

Our Directors believe that it is in the best interest of our Company and our Shareholders as a whole to have general authority from our Shareholders to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value and the assets of our Company and/or the earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

3. **Funding of repurchases**

In repurchasing shares, we may only apply funds legally available for such purpose in accordance with our Articles of Association, the GEM Listing Rules and the applicable laws and regulations. On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

4. General

Exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue upon completion of the Share Offer (without taking into account of any Shares which may be issued pursuant to the exercise of any options that may be granted under the Share Option Scheme), could accordingly result in up to 50,000,000 Shares being repurchased by us during the period prior to the earliest of:

- (a) the conclusion of our Company's next annual general meeting unless by ordinary resolution at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our Company is required by the applicable law or our Articles of Association to hold our next annual general meeting; or
- (c) when varied, revoked or renewed by a resolution of our Shareholders in a general meeting. None of our Directors nor, to the best of their knowledge having made all reasonable enquiries,

any of their close associates currently intends to sell any Shares to us or our subsidiaries. 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, our Articles of Association and the applicable laws and regulations from time to time in force.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of us increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No core connected person has notified us that he or she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of our Group's business) were entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

- (a) the deed of assignment dated 1 March 2017 between Bread Story by Jun Pte. Ltd. and JC Global Concepts Pte. Ltd., in respect of Bread Story by Jun Pte. Ltd.'s right as the foreign franchisor registered in Malaysia;

- (b) the subscription agreement dated 28 March 2017 between JLogo Limited and Zhengqi Capital Holdings Limited, pursuant to which Zhengqi Capital Holdings Limited agreed to subscribe for a total of 2,400 new ordinary shares in JLogo Limited at a consideration of S\$6,000,000;
- (c) the form of transfer of securities dated 1 August 2017 between LOW Yeun Ching@Kelly Tan and JLogo Limited, pursuant to which LOW Yeun Ching@Kelly Tan transferred 984,000 ordinary shares in Bread Story Sdn. Bhd. to JLogo Limited at a consideration of RM9;
- (d) the form of transfer of securities dated 1 August 2017 between Mr. Sean LOW Yew Hong and JLogo Limited, pursuant to which Mr. Sean LOW Yew Hong transferred 16,000 ordinary shares in Bread Story Sdn. Bhd. to JLogo Limited at a consideration of RM1;
- (e) the share transfer form dated 8 August 2017 between LOW Yeun Ching@Kelly Tan and JLogo Limited, pursuant to which LOW Yeun Ching@Kelly Tan transferred 2 ordinary shares in JC Global Concepts Pte. Ltd. to JLogo Limited at a consideration of S\$1;
- (f) the share transfer form dated 9 August 2017 between LOW Yeun Ching@Kelly Tan and JC Global Concepts Pte. Ltd., pursuant to which LOW Yeun Ching@Kelly Tan transferred 500,000 ordinary shares in Bosses Restaurant Pte. Ltd. to JC Global Concepts Pte. Ltd. at a consideration of S\$1;
- (g) the share transfer form dated 9 August 2017 between LOW Yeun Ching@Kelly Tan and JC Global Concepts Pte. Ltd., pursuant to which LOW Yeun Ching@Kelly Tan transferred 350,000 ordinary shares in J W Central Pte. Ltd. to JC Global Concepts Pte. Ltd. at a consideration of S\$1;
- (h) the share transfer form dated 9 August 2017 between LOW Yeun Ching@Kelly Tan and JC Global Concepts Pte. Ltd., pursuant to which LOW Yeun Ching@Kelly Tan transferred 500,000 ordinary shares in JC Dining Pte. Ltd. to JC Global Concepts Pte. Ltd. at a consideration of S\$1;
- (i) the share swap agreement dated 9 August 2017 between the Company and LOW Yeun Ching@Kelly Tan, pursuant to which 294,499,999 fully-paid ordinary Shares were allotted and issued to LOW Yeun Ching@Kelly Tan, in consideration of LOW Yeun Ching@Kelly Tan transferring 7,600 ordinary shares in JLogo Limited to our Company;
- (j) the share swap agreement dated 9 August 2017 between the Company and Zhengqi Capital Holdings Limited, pursuant to which 93,000,000 fully-paid ordinary Shares were allotted and issued to Zhengqi Capital Holdings Limited, in consideration of Zhengqi Capital Holdings Limited transferring 2,400 ordinary shares in JLogo Limited to our Company;
- (k) the Deed of Non-competition dated 4 April 2018 entered into between LOW Yeun Ching@Kelly Tan and our Company regarding the non-competition undertakings given by Low Yeun Ching@Kelly Tan in favour of our Company;

(l) the Deed of Indemnity dated 4 April 2018 entered into between LOW Yeun Ching@Kelly Tan and our Company, pursuant to which LOW Yeun Ching@Kelly Tan agreed to give certain indemnities in favour of our Company; and

(m) the Public Offer Underwriting Agreement.

2. Our material intellectual property rights

(a) Trademark

As at the Latest Practicable Date, we were the registered owner of the following trademarks which we believe are material to our business:

	Trademark	Place of registration	Class(es)	Registration number	Registration date	Expiry date
(i)		Malaysia	16 35 43	2013012611 2013012610 2013012609	9 September 2013	9 September 2023
(ii)		Malaysia	16 35 43	2013012608 2013012604 2013012602	9 September 2013	9 September 2023
(iii)		Malaysia	16	06015077	24 August 2016	24 August 2026
(iv)		Singapore	43	40201608311X	19 May 2016	19 May 2026
(v)		Singapore	43	40201704602P	20 March 2017	20 March 2027

	Trademark	Place of registration	Class(es)	Registration number	Registration date	Expiry date
(vi)		Singapore	43	40201704603V	20 March 2017	20 March 2027
(vii)		Singapore	30, 35, 43	40201704604X	20 March 2017	20 March 2027
(viii)		Singapore	30, 35, 43	40201713874T	19 July 2017	19 July 2027
(ix)		Hong Kong	30, 35, 43	304221044	27 July 2017	26 July 2027
(x)		Hong Kong	30, 35, 43	304147155	22 May 2017	21 May 2027

(b) **Domain name**

As at the Latest Practicable Date, we were the registered owner of the following domain name, which we believe are material to our business:

Domain name	Name of registrant	Date of registration	Date of expiry
www.bosses.sg	Bosses Co.	25 October 2011	25 October 2018
www.jcglobal.com.sg	JC Global	27 April 2016	26 April 2019
www.greyhoundcafe.com.sg	JC Dining	19 July 2017	19 July 2018
www.blackssociety.com.sg	JC Dining	5 August 2017	5 August 2018
www.breadstory.com	JC Dining	10 October 2016	10 September 2018
www.centralcafe.com.sg	JC Dining	5 August 2017	5 August 2018
www.jlogo.com.sg	JC Dining	5 August 2017	5 August 2018
www.jlogoholdings.com	JC Dining	5 August 2017	5 August 2018

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, CHIEF EXECUTIVE OFFICER AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

(a) *Interests of our Directors and the chief executive in our share capital and our associated corporations following the Share Offer*

The table below sets out the interests of our Directors and chief executive officer immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the any options that may be granted under the Share Option Scheme) in the Shares, underlying Shares or debentures of us or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in 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 to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, once the Shares are listed:

Name of Director(s)/ chief executive officer	Capacity/ nature of interest	Relevant company (including associated corporation)	Number and class of Shares¹	Approximate percentage of shareholding in the total issued share capital of our Company
Ms. Low ²	Beneficial interests	Our Company	282,000,000 ordinary Shares	56.4%
Mr. Cai ³	Controlled corporation	Zhengqi Capital	93,000,000 ordinary Shares	18.6%

Notes:

1. All the above Shares are held in long position.
2. Ms. Low is an executive Director, the chairlady of the Board and the chief executive officer of our Company.
3. Zhengqi Capital is held as to 100% by Mr. Cai, who is a non-executive Director, and therefore Mr. Cai is deemed to be interested in the 93,000,000 Shares held by Zhengqi Capital, pursuant to the SFO.

(b) ***Interests of the Substantial Shareholders in the Shares which are discloseable under Division 2 and 3 of Part XV of the SFO***

Immediately following the completion of the Share Offer (without taking into account any Share which may be issued pursuant to the exercise of the any options that may be granted under the Share Option Scheme), so far as our Directors are aware, the following persons (not being a Director or a chief executive) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be 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 any other members of our Group:

Name of Substantial Shareholder	Capacity/ nature of interest	Relevant company (including associated corporation)	Number and class of Shares ¹	Approximate percentage of shareholding in the total issued share capital of our Company
Zhengqi Capital ²	Beneficial interest	Our Company	93,000,000 ordinary Shares	18.6%
Ms. Fan Li ³	Spouse/Interest in controlled corporation	Zhengqi Capital	93,000,000 ordinary Shares	18.6%

Notes:

1. All the above Shares are held in long position.
2. Zhengqi Capital is held as to 100% by Mr. Cai, who is a non-executive Director.
3. Ms. Fan Li is the spouse of Mr. Cai, and therefore she is deemed to be interested in the 93,000,000 Shares held by Mr. Cai, through his controlled corporation, Zhengqi Capital, pursuant to the SFO.

2. Particulars of Directors' service agreements and letters of appointment

Each of our executive Directors has signed a service agreement with us for a term of three years commencing on the Listing Date (subject to termination in certain circumstances as stipulated in the service agreement). The current basic annual remuneration (subject to annual review and excluding discretionary bonus) for Ms. Low, Mr. Sean Low and Mr. Chiu, our executive Directors, are approximately S\$144,000, S\$60,000 and S\$120,000, respectively. Upon Listing, each executive Director is not entitled to any directors' fee.

Our non-executive Director has signed a letter of appointment with us for a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letters of appointment). Our non-executive Director is entitled to a directors' fee of S\$20,000 per annum.

Each of our independent non-executive Directors has signed a letter of appointment with us for a term of three years commencing from the Listing Date (subject to termination in certain circumstances as stipulated in the relevant letters of appointment). Mr. LU King Seng (盧慶星) is entitled to a directors' fee of S\$40,000 per annum. Each of Mr. LIM Yeok Hua (林育華) and Mr. LEE Alex Jao Jang (李朝昌) is entitled to a directors' fee of S\$30,000 per annum.

3. Agency fees or commission

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any share or loan capital of us or any of our subsidiaries.

4. Related party transactions

For details of our related party transactions, see note 25 to the Accountant's Report set out in Appendix I to this prospectus.

E. DISCLAIMERS

Save as disclosed herein:

- (a) none of our Directors or our chief executive has any interest or short position in the Shares, underlying Shares or debentures of us or any of our associated corporation (within the meaning of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO of 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 to be notified to us and the Stock Exchange pursuant to Rule 5.46 to 5.68 of GEM Listing Rules once the Shares are listed;

- (b) none of our Directors or experts referred to in “— G. Other Information — 6. Qualifications of experts” has any direct or indirect interest in the promotion of us, or in any assets which have within the two years immediately preceding the date of this prospectus been 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 members of our Group;
- (c) none of our Directors or experts referred to in “— G. Other Information — 6. Qualifications of experts” 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;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking into account the Offer Shares which may be taken up under the Share Offer, none of our Directors knows of any person (not being a Director or chief executive of us) who will, immediately following the completion of the Share Offer, have an interest of short position in the Shares or underlying Shares of us which would fall to be disclosed to us under the provisions of Division of 2 and 3 of Part XV of the SFO or to be interested, directly or indirectly, 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 any members of our Group;
- (f) none of the experts referred to in “— G. Other Information — 6. Qualifications of experts” has any shareholding in any member of our 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; and
- (g) so far as is known to the Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of our share capital have any interests in the five largest customers or the five largest suppliers of our Group.

F. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme conditionally approved and adopted in the Shareholders’ resolutions dated 4 April 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to enable our Company to grant options to Eligible Participants (as defined in paragraph 2 below) as incentives or rewards for their contribution or potential contribution to our Group.

2. Eligible participants

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below to any full-time or part-time employees, or potential employees, executives or officers (including executive, non-executive and independent non-executive Directors) of our Company or any of its subsidiaries and any suppliers, customers, agents and advisers who, in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries (the “**Eligible Participants**”).

3. Acceptance of an offer of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptance of the option duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such remittance shall in no circumstances be refundable and shall be deemed as part payment of the exercise price. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting acceptance of the option in the manner as set out in this paragraph. To the extent that the offer to grant an option is not accepted by the acceptance date, it shall be deemed to have been irrevocably declined.

Subject to paragraphs 9, 11, 13, 14 and 15 below, an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given. Within 30 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph 17, our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

4. Maximum number of Shares

The maximum number of Shares in respect of which options under the Share Option Scheme and any other share option schemes of our Company may be granted is 10% of the Shares in issue immediately upon completion of the Share Offer, being 50,000,000 Shares (the “**Scheme Limit**”), excluding for this purpose the number of Shares which would be issued on the exercise in full of the options which may be granted under the Share Option Scheme or any other schemes of our Company

but not cancelled, lapsed or exercised; and the number of cancelled Shares. Subject to the issue of a circular by our Company and the approval of our Shareholders in general meeting and/or such other requirements prescribed under the GEM Listing Rules from time to time, the Board may:

- (a) renew this limit at any time to 10% of the Shares in issue (the “**New Scheme Limit**”) as at the date of the approval by our Shareholders in a general meeting; and/or
- (b) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to our Shareholders shall contain a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 23.02(2)(d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time (the “**Maximum Limit**”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum Limit being exceeded. The Scheme Limit or the New Scheme Limit shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph 17 below whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

5. Price of Shares

The exercise price in relation to each option offered to an Eligible Participant shall, subject to the adjustments referred to in paragraph 17, be determined by the Board (or its committee) in its sole discretion, save that such price shall not be less than the highest of:

- (a) the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, which must be a day on which the Stock Exchange is open for business of dealing in securities;
- (b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days (as defined in the GEM Listing Rules) immediately preceding the date of grant; and
- (c) the nominal value of a Share,

provided that for the purpose of determining the exercise price where the Shares have been listed on the Stock Exchange for less than five business days (as defined in the GEM Listing Rules) preceding the date of the grant, the issue price of the Shares in connection with such listing shall be deemed to be the closing price of the Shares for each business day (as defined in the GEM Listing Rules) falling within the period before Listing.

6. Granting options to connected persons

Any grant of options to a Director, chief executive or Substantial Shareholder of our Company or any of their respective associates is required to be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board determines to offer to grant options to a substantial Shareholder or an independent non-executive Director or any of their respective associates which will result in the number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other schemes of our Company in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the Shares in issue or such other percentage as may be from time to time provided under the GEM Listing Rules, of the Shares in issue on the date of such grant; and
- (b) having an aggregate value, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of each grant, in excess of HK\$5 million or such other sum as may be from time to time provided under the GEM Listing Rules,

such grant will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, the issue of a circular by our Company to our Shareholders and the approval of our Shareholders in general meeting on a poll at which all core connected persons of our Company shall abstain from voting in favour, and/or such other requirements prescribed under the GEM Listing Rules from time to time.

The circular to be issued by our Company to our Shareholders pursuant to the above paragraph shall contain the following information:

- (a) the details of the number and terms (including the exercise price) of the options to be granted to each Eligible Participant which must be fixed before the Shareholders' meeting and the date of the grant, which shall be the date of Board meeting at which the Board proposes to grant the proposed options to such Eligible Participant;
- (b) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;
- (c) the information required under Rule 23.02(2)(c) and (d) and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and

- (d) the information required under Rule 2.28 of the GEM Listing Rules.

7. Restrictions on the times of grant of options

A grant of options may not be made after inside information has come to our Company's knowledge until our Company has announced the information. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (a) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarter-year period or other interim period (whether or not required under the GEM Listing Rules); and
- (b) the deadline for our Company to publish an announcement of the results for any year, or half-year period in accordance with the GEM Listing Rules, and where our Company has elected to publish them, any quarter-year period or any other interim period,

and ending on the actual date of publication of the results for such year, half-year, quarter-year period or interim period (as the case may be).

No options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarter-year or half-year period up to the publication date of the results.

8. Rights are personal to grantee

An option and an offer to grant an option is personal to the grantee and is not transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option held by him or any offer relating to the grant of an option made to him or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

9. Time of exercise of option and duration of the Share Option Scheme

Each of the grantees to whom an option has been granted under the Share Option Scheme shall be entitled to exercise his/her option in the manner set out in his/her offer document, provided that such period of time shall not exceed a period of 10 years commencing on the date on which the option is granted. The exercise of any Option shall be subject to the Shareholders of the Company in general meeting approving any necessary increase in the authorised share capital of the Company.

10. Performance target

A grantee may be required to achieve performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

11. Rights on ceasing employment/death

If the grantee of an option ceases to be an Eligible Participant:

- (a) by any reason other than death, ill-health, injury, disability or termination of his relationship with our Company and/or any of its subsidiaries on one of more of the grounds specified in paragraph 12 below, the grantee may exercise the option up to his entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) within a period of one month (or such longer period as the Board may determine) following the date of such cessation (which date shall be, in relation to a grantee who is an Eligible Participant by reason of his employment with our Company or any of its subsidiaries, the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not); or
- (b) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of our Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph 12 has occurred, the grantee or his personal representative(s) shall be entitled within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the options in full (to the extent not already exercised).

12. Rights on dismissal

If the grantee of an option ceases to be an Eligible Participant by reason of his resignation or dismissal, or by reason of the termination of his relationship with our Company and/or any of the subsidiaries on any one or more of the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee or consultant of our Company and/or any of its subsidiaries (if so determined by our Board) on any other ground on which an employer would be entitled to unilaterally terminate his employment or service at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant subsidiary, the grantee's options will lapse on the date on which he ceases to be an Eligible Participant. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive.

13. Rights on takeover

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all our Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror (as defined in the Takeovers Code)

and/or any person acting in association or in concert with the offeror), our Company shall use its best endeavours to procure that such offer is extended to all the grantees (on the same terms mutatis mutandis, and assuming that they shall become, by the exercise in full of the options granted to them. Shareholders). If such offer, having been approved in accordance with the applicable laws and regulatory requirements, becomes, or is declared unconditional, the grantee (or his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

14. Rights on winding-up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company, give notice thereof to all grantees and thereupon, each grantee (or in the case of the death of the grantee, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two business days (as defined in the GEM Listing Rules) prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day (as defined in the GEM Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

15. Rights on compromise or arrangement between our Company and its members or creditors

If a compromise or arrangement between our Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies, our Company shall give notice to all the grantees of the options on the same day as it despatches to its members and/or creditors of our Company a notice summoning the meeting to consider such a compromise or arrangement and each grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day (as defined in the GEM Listing Rules) immediately prior to the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. Our Board shall endeavour to procure that the Shares issued as a result of the exercise of options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with

effect from the date of the making of the order by the relevant court be restored in full, as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person nominated by the grantee) as the holder thereof. Subject to the aforesaid, the Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles and shall rank *pari passu* in all respects with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of our Company as attached to the fully-paid Shares in issue on the date of issue and rights in respect of any dividend or other distributions paid or made on or after the date of issue. Shares issued on the exercise of an option shall not rank for any rights attaching to Shares by reference to a record date preceding the date of allotment.

17. Effect of alterations to capital

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalisation issue, rights issue, open offer (if there is a price-dilutive element), subdivision, consolidation of shares or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options and/or the exercise price per Share and/or the Scheme Limit, the New Scheme Limit and the Maximum Limit as the auditors of our Company or an independent financial adviser shall certify in writing to be in their opinion fair and reasonable in compliance with Rule 23.03(13) of the GEM Listing Rules and the note thereto and the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes (the “**Supplemental Guidance**”). The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations shall be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the Supplemental Guidance) as that to which he was entitled to subscribe had he exercised all the options held by him immediately before such adjustments and the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same as (but shall not be greater than) it was before such event and that no such alterations shall be made if the effect of such alterations would be to enable a Share to be issued at less than its nominal value. Any adjustment to be made in accordance with this paragraph shall comply with the GEM Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time. In respect of any adjustments required by this paragraph 17, other than any made on a capitalisation issue, the auditors of the Company or the approved independent financial adviser, as the

case may be, shall confirm to the Board in writing that the adjustments satisfy the requirements set out in Rule 23.03(13) of the GEM Listing Rules and the note thereto and the Supplemental Guidance and/or such other requirement prescribed under the GEM Listing Rules from time to time. In no circumstances shall the exercise price be less than the par value of the Shares.

18. Expiry of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the date of expiry of the option as may be determined by the Board;
- (b) the expiry of any of the periods referred to in paragraphs 11, 13, 14 and 15;
- (c) the date on which the scheme of arrangement of our Company referred to in paragraph 15 becomes effective;
- (d) the date of commencement of the winding-up of our Company;
- (e) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation or dismissal, or by termination of his relationship with our Company and/or any of its subsidiaries on any one or more of the grounds that he has been guilty of serious misconduct or has been convicted of any criminal offence involving his integrity or honesty or in relation to an employee or consultant of our Company and/or any of its subsidiaries (if so determined by the Board) on any other grounds on which an employer would be entitled to unilaterally terminate his employment or service at common law or pursuant to any applicable laws or under the grantee's service contract with our Company or the relevant subsidiary. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the relationship of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or
- (f) the date that is 30 days after the date on which the grantee is terminated by our Company and/or any of the subsidiaries on a ground other than those set forth in paragraph 18(e); and
- (g) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph 8 above or the options are cancelled in accordance with paragraph 20 below.

19. Alteration of the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 23.03 of the GEM Listing Rules; and

- (b) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted (except any alterations which take effect automatically under the terms of the Share Option Scheme),

must be made with the prior approval of our Shareholders in general meeting at which any persons to whom or for whose benefit the Shares may be issued under the Share Option Scheme and their respective associates shall abstain from voting, provided that the amended terms of the Share Option Scheme or the options shall remain in compliance with Chapter 23 of the GEM Listing Rules and no alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such option prior to such alteration, except with (i) the consent in writing of grantees holding in aggregate options which if exercised in full on the date immediately preceding that on which such consent is obtained would entitle them to the issue of three-fourths in nominal value of all Shares which would fall to be issued upon the exercise of all options outstanding on that date, or (ii) the sanction of a special resolution. Written notice of any alterations made in accordance with paragraph 19 shall be given to all grantees.

20. Cancellation of options

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event any option is cancelled pursuant to paragraph 8.

21. Termination of the Share Option Scheme

Our Company may by resolution in general meeting or the Board at any time resolve to terminate the operation of the Share Option Scheme and in such event, no further options shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

22. Administration of the Board

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided therein) shall be final and binding on all parties.

23. Conditions of the Share Option Scheme

The Share Option Scheme is conditional on:

- (a) the passing of the necessary resolutions by our Shareholders to approve and adopt the rules of the Share Option Scheme;
- (b) the Listing Division granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of options under the Share Option Scheme;
- (c) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, following the waiver(s) of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (d) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions in this paragraph 23 are not satisfied within six calendar months from the date on which the Share Option Scheme was conditionally adopted by the written resolution of the Shareholders dated 4 April 2018:

- (a) the Share Option Scheme shall forthwith terminate;
- (b) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (c) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

24. Disclosure in annual and interim reports

Our Board shall procure that details of the Share Option Scheme and other schemes of our Company and its subsidiaries are disclosed in its annual and interim reports in compliance with the GEM Listing Rules in force from time to time.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme, being 50,000,000 Shares in total.

G. OTHER INFORMATION**1. Litigation**

As at the Latest Practicable Date, save as disclosed in this prospectus, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial condition.

2. Preliminary expenses and the Sponsor's fees

Our preliminary expenses were approximately HK\$65,900 and were paid by us.

The Sponsor will be paid by our Company an aggregate fee of HK\$5.5 million to act as the sponsor to the Listing.

3. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to any promoter in connection with the Share Offer and the related transactions described in this prospectus.

4. Application for Listing

The Sponsor has made an application on behalf of our Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Shares: (i) in issue; (ii) to be issued pursuant to the Share Offer; and (iii) to be issued upon exercise of any options which may be granted under the Share Option Scheme, being up to 10% of the Shares in issue on the Listing Date. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

5. No material adverse change

Our Directors confirm that save as disclosed in this prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since 31 December 2017 (the date of the latest audited consolidated financial statements of our Group) and up to the date of this prospectus.

6. Qualifications of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this prospectus are as follows:

Name	Qualifications
Messis Capital Limited	Licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants, Hong Kong
Appleby	Legal advisers to our Company as to the laws of the Cayman Islands
David Lai & Tan	Legal advisers to our Company as to the laws of Malaysia
JLC Advisors LLP	Legal advisers to our Company as to the laws of Singapore
Euromonitor International Limited	Industry research consultant

7. Consents

Each of the experts listed in the preceding paragraph has given and has not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or the references to their names included herein in the form and context in which they are respectively included.

8. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out as follows:

Name:	Ms. Low Yeun Ching @Kelly Tan (劉婉貞)
Address:	47 Sixth Crescent, Singapore 276451
Number of Sale Shares:	12,500,000 Shares

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, 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.

10. Taxation of holders of our Shares**(a) Dividends**

No tax is imposed in Hong Kong in respect of dividends our Company pays to the Shareholders. Dividends paid to the Shareholders are free of withholding taxes in Hong Kong.

(b) Stamp duty

The sale, purchase and transfer of Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty, the current rate charged on each of the purchaser and seller is 0.1% of the consideration, or if higher, the value of the Shares being sold or transferred. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5.00. Where a sale or purchase of Shares registered on the Hong Kong branch share register is effected by a person who is not resident in Hong Kong and any stamp duty payable on the contract note is not paid, the relevant instrument of transfer (if any) shall be chargeable with such duty, together with the duty otherwise chargeable thereon, and the transferee shall be liable to pay such duty.

(c) Capital gains and profits tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of the Shares. Trading gains from the sale of the Shares by persons carrying on a business in Hong Kong, where such gains are sourced in Hong Kong and arise from such business, will be chargeable to Hong Kong profits tax.

(d) Estate duty

No Hong Kong estate duty is payable in respect of holders of Shares on their death.

Prospective holders of Shares are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding, disposing of or dealing in Shares. It is emphasised that none of us, the Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in Shares or exercise any rights attaching to them. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands and BVI.

(e) Indemnity

Our Controlling Shareholder (as indemnifier) have entered into the Deed of Indemnity in favour of our Company (for itself and as trustee for each of our subsidiaries) on 4 April 2018, pursuant to which they have, amongst others, agreed and undertaken, jointly and severally, with our Company to indemnify our Company (for itself and as a trustee for each of its subsidiaries) and at all times keep the same fully indemnified on demand from and against any tax liability falling on any member of our Group resulting from, or by reference to any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which the Shares are listed on the Stock Exchange.

11. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or of any of our principal operating subsidiaries has been issued agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our principal subsidiaries;
- (c) within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable (except commissions to underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any Shares in our Company;
- (d) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;
- (e) no share or loan capital of our Company or any of our consolidated subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (f) none of the parties (save in connection with the Underwriting Agreement) listed in “— G. Other Information — 6. Qualification of experts”:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (h) there is no arrangement under which future dividends are waived or agreed to be waived;
- (i) our Directors confirm that our Company has no outstanding convertible debt securities or debentures; and
- (j) 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 12 months immediately preceding the date of this prospectus.

12. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

13. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

14. Independence of the Sponsor

The Sponsor has made an application on behalf of our Company to the Listing Division for the Listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares that may be issued pursuant to any option that may be granted under the Share Option Scheme).

Messis Capital Limited satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

15. Registration Procedure

Estera Trust (Cayman) Limited will maintain the principal register of members of our Company in the Cayman Islands and Tricor Investor Services 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, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands. We have made all necessary arrangements to enable the Shares to be admitted into CCASS.

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

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 the WHITE, YELLOW and GREEN Application Forms; (ii) copies of each of the material contracts referred to in “Statutory and General Information — C. Further Information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus; (iii) the consent letters referred to in “Statutory and General Information — G. Other information — 7. Consents” in Appendix IV to this prospectus; and (iv) the statement of particulars of the Selling Shareholder.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of H. M. Chan & Co in association with Taylor Wessing, 21st Floor, 8 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) our Memorandum of Association and Articles of Association;
- (b) the accountants’ report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the report from Ernst & Young on our unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (d) the audited financial statements as have been prepared for the companies comprising our Group for the three financial years ended 31 December 2015, 2016 and 2017;
- (e) the Companies Law;
- (f) the material contracts referred to in “Statutory and General Information — C. Further information about our business — 1. Summary of material contracts” in Appendix IV to this prospectus;
- (g) the service agreements and letters of appointment referred to in “Statutory and General Information — D. Further information about our Directors, chief executive officer and Substantial Shareholders — 2. Particulars of Directors’ service agreements and letters of appointment” in Appendix IV to this prospectus;
- (h) the written consent referred to in “Statutory and General Information — G. Other information — 7. Consents” in Appendix IV to this prospectus;
- (i) the Share Option Scheme;

- (j) the letter of advice prepared by Appleby, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;
- (k) the legal opinion issued by JLC Advisors LLP, our legal advisers as to Singapore law, in respect of general matters of our Group and the property interests of our Group in Singapore;
- (l) the legal opinion issued by David Lai & Tan, our legal advisers as to Malaysia law, in respect of general matters of our Group and the property interests of our Group in Malaysia;
- (m) the Euromonitor Report;
- (n) the statement of particulars of the Selling Shareholder; and
- (o) this prospectus.

