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## **JLOGO HOLDINGS LIMITED**

**聚利寶控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8527)**

### **2021 ANNUAL RESULTS ANNOUNCEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of JLogo Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021. This announcement, containing the full text of the 2021 Annual Report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of annual results.

By order of the Board of  
**JLOGO HOLDINGS LIMITED**  
**LOW Yeun Ching @ Kelly Tan**  
*Chairlady and Chief Executive Officer*

Hong Kong, 25 March 2022

*As at the date of this announcement, the executive Directors are Ms. LOW Yeun Ching @ Kelly Tan, Mr. Sean LOW Yew Hong and Mr. CHIU Ka Wai and Mr. WU Guangliang; and the independent non-executive Directors are Mr. LU King Seng, Mr. John Chi Chung MAN and Mr. CHAN Pak Hung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at [www.jlogoholdings.com](http://www.jlogoholdings.com).*



## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, 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 report.*

*This report, for which the directors (the “**Directors**”) of JLogo Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading, and all opinions expressed in this document have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### Executive Directors

Ms. LOW Yeun Ching @Kelly Tan  
*(Chairlady and Chief Executive Officer)*  
Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong)  
Mr. CHIU Ka Wai  
Mr. WU Guangliang *(appointed on 26 August 2021)*

### Independent Non-executive Directors

Mr. LU King Seng  
Mr. John Chi Chung MAN *(appointed on 4 June 2021)*  
Mr. CHAN Pak Hung *(appointed on 4 June 2021)*

## AUDIT COMMITTEE

Mr. LU King Seng *(Chairman)*  
Mr. John Chi Chung MAN *(appointed on 4 June 2021)*  
Mr. CHAN Pak Hung *(appointed on 4 June 2021)*

## REMUNERATION COMMITTEE

Mr. CHAN Pak Hung *(Chairman)*  
*(appointed on 4 June 2021)*  
Ms. LOW Yeun Ching @Kelly Tan  
Mr. John Chi Chung MAN *(appointed on 4 June 2021)*

## NOMINATION COMMITTEE

Ms. LOW Yeun Ching @Kelly Tan *(Chairlady)*  
Mr. John Chi Chung MAN *(appointed on 4 June 2021)*  
Mr. CHAN Pak Hung *(appointed on 4 June 2021)*

## COMPLIANCE OFFICER

Ms. LOW Yeun Ching @Kelly Tan

## COMPANY SECRETARY

Mr. CHAN Tai Wah Calvin *(appointed on 1 January 2022)*

## AUTHORISED REPRESENTATIVES

Ms. LOW Yeun Ching @Kelly Tan *(Chairlady)*  
Mr. CHAN Tai Wah Calvin *(appointed on 1 January 2022)*

## AUDITOR

Ernst & Young LLP, Singapore  
*Public Accountants and Chartered Accountants,*  
*Singapore*  
One Raffles Quay North Tower #18-01  
Singapore 048583  
*(Partner in charge: Low Bek Teng, since financial year ended 31 December 2019)*

## PRINCIPAL BANKS

DBS Bank Limited  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

Malayan Banking Berhad  
Level 14, Menera Maybank  
100 Jalan Tun Perak 50050  
Kuala Lumpur Malaysia



## **CORPORATE INFORMATION**

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN SINGAPORE**

124, Lorong 23 Geylang  
#10-01 and #10-02 Arcsphere  
Singapore 388405

### **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

PO Box 1350  
Windward 3  
Regatta Office Park  
Grand Cayman KY1-1108  
Cayman Islands

### **PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)**

Room 3705, 37/F,  
Hong Kong Plaza,  
188 Connaught Road West,  
Hong Kong

### **STOCK CODE**

8527

### **COMPANY'S WEBSITE ADDRESS**

[www.jlogoholdings.com](http://www.jlogoholdings.com)

# CHAIRLADY STATEMENT



Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of JLogo Holdings Limited (the “**Company**”) and together with its subsidiaries (collectively, the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2021.

As early as February this year, we believe we are near the end of the global COVID-19 pandemic with many having the view that COVID-19 will become endemic worldwide within this year of 2022, with most European countries taking the lead out of all restrictions and reopening economies.

But, little did the world expect to see an unprovoked war ignited with Russia’s invasion of Ukraine on 24 February 2022 which immediately dampens any sense of relief and optimism we have for 2022.

The impact of the Ukraine war can be severe where the two countries are major commodities producers and disruptions will only send food and energy prices soaring. This is exacerbated with on-going worldwide unprecedented concerted sanctions on Russia that will push up oil and natural gas prices. Inflationary pressures, together with worldwide central banks gearing to tighten monetary policies where we are expecting interest rates to move up, I am of the view that the economy outlook remains bleak for 2022.

In Singapore where the country is trade reliant, most business operators can almost feel the immediate impact in terms of energy and gas prices where we see our utilities bill increase by double as of February 2022. This is shocking to us.

The Ukraine war, Hong Kong’s dismal pandemic handling, China’s turn to experience yet again a surge in COVID-19 cases and population-wide lockdowns in some major cities like Shenzhen, Singapore’s tourism is expected to continue to suffer and that would continue to cause an impact on the retail industry.

With no sight of any further government grants this year, coupled with Singapore has not lifted the 5 diners to a table restriction and many other pandemic safety measures, this will continue to affect the F&B industry very much so in 2022.

## FINANCIAL PERFORMANCE

Our Group recorded a slight increase in revenue by approximately S\$0.08 million or 0.6% from approximately S\$13.15 million for the year ended 31 December 2020 to approximately S\$13.23 million for the year ended 31 December 2021. Our Group recorded a loss of approximately S\$2.82 million and S\$2.00 million for the year ended 31 December 2021 and 2020, respectively. The loss for the year ended 31 December 2021 was mainly attributable to the overall weaker business performance due to the impact of COVID-19 and impairment loss on right-of-use assets and property, plant and equipment for two of our restaurants amounting to S\$0.71 million. The adverse impact was partially mitigated by the grants and rent concessions received from the local government and landlords, respectively.



## CHAIRLADY STATEMENT

### OUTLOOK OF THE GROUP

We have opened a new café under the brand Q Classified in Ngee Ann City, a shopping mall situated in the heart of the Orchard Road shopping belt, in October 2021 and the performance is extremely encouraging. As for our announced business prospect for China which is in the pipeline, we have been monitoring closely. With the COVID-19 pandemic still raving with a recent surge in China, we will probably adopt a wait and see situation for now. The Directors will continue to adopt a cautious and prudent approach in adjusting its business strategy with the aim to minimise loss and improve the performance of the Group.

Striving ahead, the Group remains committed towards all stakeholders and safeguarding the interest of every shareholder who takes confidence and faith in us remains our key motto.

### APPRECIATION

As we welcome our new staffs who joined us this year, I would like to express my utmost appreciation to my management team and all our staffs for their hard work and relentless commitment to the Group.

I am very grateful to all members of our Board for their continuous support and professional advice towards our vision and mission, and all other professional parties with their strategic counsel through our journey. In addition, JLogo would not have made it here today, as a listed entity, without the assistance and support from our various business partners, suppliers and vendors. Thank you very much indeed.

Last but not least, I would like to extend my warmest appreciation to all our valued shareholders for your unwavering faith and trust in us as we work towards generating better positive shareholder returns in a longer term and sustainable future.

Yours sincerely,

**LOW Yeun Ching @Kelly Tan**

*Chairlady and Chief Executive Officer*

25 March 2022



# MANAGEMENT DISCUSSION AND ANALYSIS



## BUSINESS REVIEW

We are a food and beverage group which owns and operates award-winning restaurants in Singapore under different brands and owns one of the largest artisanal bakery chains in Malaysia in terms of revenue and the number of bakery retail outlets in Malaysia. We operate our dining operations in Singapore under three 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. Our “Black Society” brand offers Chinese cuisines with a contemporary twist in a full service environment. Our “MASA by Black Society” is a sub-brand of Black Society and focuses on artisanal dimsum in a café setting. 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 our “Bread Story” brand.

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, innovative product offerings, unique dining experience and experienced management. In addition, 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 that will help in promoting our brands’ image and awareness.

The outbreak of COVID-19 has posed a great challenge to every business, and particularly the food and beverage business. The Group has gone through most challenging period in the year 2020 and 2021 with the improvement in the control of such outbreak as well as the gradual relief of the disease-control measures imposed by the authority. COVID-19 has been developed into an endemic and it is difficult to foresee when the food and beverage business and the social life of people in Singapore and Malaysia will return to the pre-COVID-19 condition, or at all. The Group shall remain prudent in its operation and business development and maintain its food and beverage operation in Singapore and Malaysia.

## FINANCIAL REVIEW

### Revenue

Our Group recorded a slight increase in revenue by approximately S\$0.08 million or 0.6% from approximately S\$13.15 million for the year ended 31 December 2020 to approximately S\$13.23 million for the year ended 31 December 2021. For FY2021, the operating environment remained tough and challenging. To the F&B sector, we experienced a repeated cycle of no dine-in and 2 pax dine-in cap restrictions, with heightened fear of the spread of COVID-19, and uncertainties surrounding the development of the pandemic, consumer sentiment was largely dampened, resulting in lower footfall in the malls and coupled with the tight border controls and the default work-from-home arrangements, which were still enforced as at end of FY2021, these naturally led to weaker business performance especially at our full-service restaurants.

With the apparent long-drawn journey to recovery, the Group had undertaken an exercise during this financial year to rationalise our network, to conserve our resources for growth in the future. In Singapore, we ceased operations for two underperformed outlets under “Central Hong Kong Café” brand when the lease ends.

On a positive note, the addition of our new brand “Café Q Classified” outlet in October 2021 and new addition of bakery outlet in Malaysia in May 2021 have saw a positive performance to the Group.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of inventories sold and consumed

Our cost of inventories sold and consumed increased by approximately S\$0.05 million or 1.3% from approximately S\$3.46 million for the year ended 31 December 2020 to approximately S\$3.51 million for the year ended 31 December 2021. The slight increase in our cost of inventories sold and consumed was in line with the increase in revenue.

## Other income

Our other income primarily consisted of rewards or subsidies under the Special Employment Credit Scheme, Wage Credit Scheme, Job Support Scheme and Wage Subsidy Program which were received from the Singapore and Malaysia government, as well as rental concessions received from landlords in response to the impact brought by the COVID-19 pandemic.

## Employee benefits expense

Our employee benefits expense increased by approximately S\$0.20 million or 3.5% from approximately S\$5.66 million for the year ended 31 December 2020 to approximately S\$5.86 million for the year ended 31 December 2021. The slight increase in our employee benefits expense was primarily due to yearly salaries increment and increase in casual workers' wages due to labour shortage as a result of strict border controls.

## Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by approximately S\$0.18 million or 4.3% from approximately S\$4.19 million for the year ended 31 December 2020 to approximately S\$4.01 million for the year ended 31 December 2021. The decrease is due to the lesser operating outlets as compared to prior year.

## Other expenses

Other expenses primarily consist of impairment loss on assets, legal and professional fees, cleaning fee, repair and maintenance expenses, kitchen and bar utensils expenses, bank charges relating to credit card settlement, unrealised foreign currency exchange losses and other miscellaneous expenses. Our other expenses had increased by approximately S\$1.00 million or 44.7% from approximately S\$2.25 million for the year ended 31 December 2020 to approximately S\$3.25 million for the year ended 31 December 2021. The substantial increase was as a result of impairment loss of S\$0.71 million on right-of-use assets and property, plant and equipment for two of our restaurants. These two full-service restaurants had suffered persistently low footfall and correspondingly, low revenue due to repeated no dine-in and dine-in cap restrictions coupled with prolonged work-from-home arrangement.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Loss for the year

Our Group recorded a loss of approximately S\$2.82 million and S\$2.00 million for the year ended 31 December 2021 and 2020, respectively. The loss for the year ended 31 December 2021 was mainly attributable to the overall weaker business performance due to the impact of COVID-19 and impairment loss on right-of-use assets and property, plant and equipment for two of our restaurants amounting to S\$0.71 million. The adverse impact was partially mitigated by the grants and rent concessions received from the local government and landlords, respectively.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

### Cash position

Our cash and bank balances, excluding fixed deposit pledged amounted to approximately S\$3.07 million and S\$4.65 million as at 31 December 2021 and 31 December 2020 respectively. As at 31 December 2021, 21.6% (31 December 2020: 82.9%) of our Group's cash and bank balances was denominated in Singapore dollar, 5.4% (31 December 2020: 3.7%) in Malaysia ringgit, 19.7% (31 December 2020: 13.4%) in Hong Kong dollar and 53.3% (31 December 2020: Nil) in Renmimbi.

Our Group had net cash generated from operating activities of approximately S\$2.02 million for the year ended 31 December 2021. Barring the effect of IFRS16 depreciation of right-of-use assets of approximately S\$4.01 million and rent concessions of S\$1.47 million, it would have been a net cash flow used in operating activities of approximately S\$0.52 million as a result of the operating losses.

Net cash flow used in investing activities was approximately S\$0.42 million for the year ended 31 December 2021. Net cash flow was used primarily on (i) renovation of our new restaurant amounting to S\$0.28 million and two bakery outlets amounting to approximately S\$0.07 million, offset against (ii) increase in fixed deposits pledged to bank for banking facilities amounting to S\$0.07 million as a result of loan settlement during the year ended 31 December 2021.

Net cash flow used in financing activities was approximately S\$3.18 million for the year ended 31 December 2021. Net cash flow was used in: (i) repayment of bank loans of approximately S\$0.09 million; (ii) repayment of lease obligations of approximately S\$3.09 million.

Our restricted cash represents fixed deposits pledged to the bank and financial institutions. The Group is restricted to use the cash of approximately S\$1.52 million as at 31 December 2021 (31 December 2020: S\$1.45 million).

The Group has adopted a prudent financial management approach towards its financial and treasury policies and thus maintained a healthy liquidity position since the Listing. The management closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group will utilize the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Borrowings

Particulars of the Group's interest bearing bank and other borrowings as at 31 December 2021 and 31 December 2020 (including their nature, currency involved, maturity profile and interest rate structure) are set out in note 21 to the consolidated financial statements.

## Gearing ratio

Gearing ratio is measured by interest-bearing bank and other borrowings divided by the total equity. The gearing ratio is 83% as at 31 December 2021 (31 December 2020: 46%).

## Capital expenditure and commitment

During the year ended 31 December 2021, our capital expenditures amounted to approximately S\$0.35 million which consisted primarily: (i) renovation of our new restaurant amounted to approximately S\$0.28 million; and (ii) renovation on two bakery outlets amounted to approximately S\$0.07 million. These capital expenditures were mainly funded by our internal resources and proceeds from the Share Offer. The Group has no capital commitment during the year ended 31 December 2021 (31 December 2020: nil).

## Risk of exchange rate fluctuation

The Group has currency exposures arising from sales and purchases that are denominated in a currency other than the functional currency of the Group. Although the Group does not have a foreign exchange hedging policy and does not use any financial instruments, currency borrowings or other hedging instruments to mitigate such exposure, the management monitors the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy and measures in the future.

## Contingent liabilities

As at 31 December 2021, the Group had no contingent liabilities (31 December 2020: nil).

## Charge on assets

The Group's hire purchase loan is secured by a charge over the assets which had a carrying amount of approximately S\$164,000 as at 31 December 2021 (31 December 2020: approximately S\$187,000).

On 4 September 2019, the Group entered into a bank term loan to finance the acquisition of a property. The bank term loan is secured by way of corporate guarantee by the Group and mortgage over the property with a net carrying amount of approximately S\$1,605,000 as at 31 December 2021 (31 December 2020: S\$1,638,000) was pledged to secure banking facilities granted to the Group.

There was no further charge on assets of the Group created for the year ended 31 December 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Employees and remuneration policy

As at 31 December 2021, the Group had a total number of 223 full-time employees (31 December 2020: 251) in Singapore and Malaysia.

The remuneration packages of all employees are determined based on factors such as the employees' individual qualifications, contribution to the Group, performance and years of work experience.

The Group provides ongoing training to our staff 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.

## Events after the reporting period

Other than the events set out in the Directors' Report and Note 33 to the consolidated financial statements, there were no other significant events after the reporting period up to the date of this report.

## USE OF PROCEEDS FROM THE SHARE OFFER

The amount of the net proceeds from the Share Offer received by the Company, after deducting the expenses related to the Share Offer payable by the Company, is approximately HK\$23.7 million. The Company intended to apply such net proceeds for the following purposes:

	Total HK\$' million	Approximate % of net proceeds
Continue to expand our dining operations in Singapore	18.1	76.4
Setting up new head office and enhance our workforce	3.2	13.5
Further enhance our brand recognition in Singapore and Malaysia	0.2	0.8
Upgrade our information technology systems	0.2	0.8
General working capital	2.0	8.5
<b>Total</b>	<b>23.7</b>	<b>100</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

Up to 31 December 2021, the Group has applied the net proceeds as follows:

	Proposed amount to be used up to 31 December 2021 HK\$'million	Actual usage up to 31 December 2021 HK\$'million	Unutilized net proceeds up to 31 December 2021 HK\$'million
Continue to expand our dining operations in Singapore	18.1	18.1	–
Setting up new head office and enhance our workforce	2.2	2.2	–
Further enhance our brand recognition in Singapore and Malaysia	0.2	0.2	–
Upgrade our information technology systems	0.2	0.2	–
General working capital	3.0	3.0	–
	23.7	23.7	–

For further details of the Group's intended use of the net proceeds from the Share Offer, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus. The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business.

On 19 July 2019 and 2 July 2021, the Company announced the further change in use of proceeds from the Share Offer. For details thereof please refer to the announcements of the Company dated 19 July 2019 and 2 July 2021 headed "Change in Use of Proceeds".

As at 31 December 2021, the Group has fully unutilized the net proceeds from the Share Offer. The delay in the application of the use of proceeds is mainly due to the reduction in the pace of the Group's expansion as a result of the unfavourable condition in the Singapore food and beverage market.

# MANAGEMENT DISCUSSION AND ANALYSIS



## Comparison of business objectives with actual business progress

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 31 December 2021.

Business objectives as set out in the Prospectus	Actual implementation plan up to 31 December 2021
Continue to expand our dining operations in Singapore	The renovation works of the new restaurant under "Café Q Classified" by Black Society brand was completed and commenced operation on 25 October 2021. The Group has fully utilized the funds in opening three new restaurants in shopping malls located in the Central area of Singapore.
Setting up new head office and enhance our workforce	The Group has fully utilized the funds on setting up the new head office and enhancement of workforce in Singapore.
Further enhance our brand recognition in Singapore and Malaysia	The Group has fully utilized the funds on marketing activities and brand exposure campaigns. Nevertheless, the management will continue working with marketing consultants towards marketing and advertising activities.
Upgrade our information technology systems	The Group has fully utilized the funds on upgrading the point-of-sale and CCTV systems in our restaurants and bakery outlets.



## DIRECTORS AND SENIOR MANAGEMENT

Our Board currently consists of 7 Directors, comprising 4 executive Directors and 3 independent non-executive Directors. The functions and duties of our Board include convening shareholders' meetings, reporting on our Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, our Board is responsible for exercising other powers, functions and duties in accordance with the articles of association of the Company (the "**Articles of Association**").

### EXECUTIVE DIRECTORS

**Ms. LOW Yeun Ching @Kelly Tan (劉婉貞)**, aged 58, 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 19 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. She has further gone on to complete the executive MBA experience at the Harvard Business School and graduated in 2021.

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)**, aged 46, 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.

Mr. Sean Low has over 10 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 Cafe" 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.



## DIRECTORS AND SENIOR MANAGEMENT



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. CHIU Ka Wai (趙家偉)**, aged 70, 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 45 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).

**Mr. WU Guangliang (吳光亮)**, aged 34, was appointed as an executive Director on 26 August 2021. Mr. Wu has extensive experience in training and management in the sales and marketing area, as well the operation and commercial decision making and plan area. Mr. Wu joined JingXin Healthcare International Limited, a substantial shareholder of the Company (as defined under the Rules Governing the Listing of Securities on GEM), since April 2019, at which Mr. Wu has been appointed the chief learning officer specializing in the provision of training for healthcare and healthy food and beverage industry, and participated in the reform and improvement of a number of restaurants and bakery shops in the People's Republic of China. Mr. Wu graduated from Henan University with a bachelor degree of Information and Computing Science (Finance Oriented).

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LU King Seng (盧慶星)**, aged 52, 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 26 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 Business Advisory Pte. Ltd. (principally engaged in providing business management, consultancy and transaction advisory services) since July 2014. 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. He was also previously served as the chief executive officer of Orion Advisory Pte. Ltd. from July 2013 till December 2020.



## DIRECTORS AND SENIOR MANAGEMENT

Mr. Lu previously 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. John Chi Chung MAN (文志忠)**, aged 65, was appointed as an independent non-executive Director on 4 June 2021. He is responsible for providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group.

Mr. Man has over 20 years of experience in the food and beverage industry in the United Kingdom, and a wide variety of community services experience. Mr. Man was an elected local councillor of (Limbury Ward) Luton, the United Kingdom, from 1988 to 1992. He also previously served as the director of Luton International Airport from 1988 to 1992 and the founder and manager of Halifax Building Society Agency in London since 1987 to 1990.

**Mr. Chan Pak Hung (陳栢鴻)**, aged 41, was appointed as an independent non-executive Director on 4 June 2021. He is responsible for providing independent judgment on issues of strategy, policy, performance, accountability, key appointments and standard of conduct of our Group.

Mr. Chan has over 15 years of experience in corporate finance, compliance, auditing, and company secretarial fields. He is currently an independent non-executive director of Ganglong China Property Group Limited, the issued shares of which are listed on the Stock Exchange (stock code: 6968), and the company secretary of Shanghai Dongzheng Automotive Finance Co., Ltd., a joint stock company incorporated in the People's Republic of China with limited liability with its shares listed on the Stock Exchange (stock code: 2718). Prior to joining the Group, among other things, Mr. Chan had been a manager of the listing division of Hong Kong Exchanges and Clearing Limited and has worked in international accounting firms. Mr. Chan obtained a bachelor of Business Administration (Professional Accountancy) from the Chinese University of Hong Kong in 2002. He is also a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Association of Chartered Certified Accountants and a CFA charterholder of the CFA Institute.

# DIRECTORS AND SENIOR MANAGEMENT



## SENIOR MANAGEMENT

**Mr. LIU Ji (劉驥)**, aged 43, 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 19 years of experience in financial advisory and M&A consultancy services. He was also previously served as the independent non-executive director of other listed companies in Hong Kong Stock Exchange. 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 M&A 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 a manager of offering services, where he was primarily responsible for providing audit, transaction advisory and internal control review related 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

**Mr. CHAN Tai Wah Calvin (陳大華)**, aged 41, was appointed as the company secretary (“**Company Secretary**”) and authorised representative of the Company pursuant to Rule 5.24 of the GEM Listing Rules and authorised representative of the Company pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 1 January 2022. Mr. Chan is a practising fellow of The Hong Kong Institute of Certified Public Accountants and a fellow of the Institute of Chartered Accountants in England and Wales. Mr. Chan is currently the director of Calsium Business Solutions Limited which provides accounting, company secretarial and corporate consulting services. He obtained his bachelor’s degree in Business Administration (major in Accountancy) from City University of Hong Kong. He has more than 18 years of experience in accounting, auditing, company secretarial and corporate advisory services. Mr. Chan has been a chief financial officer and company secretary of listed companies, whose shares are listed on the Stock Exchange.

Mr. Chan does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Mr. Chan as the company secretary of the Company. Pursuant to paragraph F.1.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules (the “CG Code”), an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Ms. LOW Yeun Ching @Kelly Tan, chairlady of the Board and chief executive officer of the Company as its contact point for Mr. Chan.



# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairlady and chief executive officer should be separate and should not be performed by the same individual. However, we do not have a separate chairlady and chief executive officer and Ms. Low is currently the chairlady and chief executive officer of our Group. Our Board believes that vesting the roles of both chairlady and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairlady of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

Save as disclosed above, the Directors consider that throughout the year ended 31 December 2021, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

## COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Model Code**"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code from the Listing Date up to the date of this report.

## THE BOARD OF DIRECTORS

### THE BOARD

As at the date of this report, the Board comprises the following directors:

#### Executive Directors

Ms. LOW Yeun Ching @Kelly Tan (*Chairlady and Chief Executive Officer*)

Mr. Sean LOW Yew Hong (*Sean Liu Yaoxiong*)

Mr. CHIU Ka Wai

Mr. WU Guangliang (*appointed on 26 August 2021*)

# CORPORATE GOVERNANCE REPORT



## Independent non-executive Directors

Mr. LU King Seng

Mr. John Chi Chung MAN (*appointed on 4 June 2021*)

Mr. CHAN Pak Hung (*appointed on 4 June 2021*)

Mr. LEE Alex Jao Jang (*resigned on 11 March 2021*)

Mr. LIM Yeok Hua (*retired on 1 June 2021*)

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates the Company's shareholders (the "**Shareholders**") on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The executive Directors are delegated with responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board.



# CORPORATE GOVERNANCE REPORT

The non-executive Directors (including the independent non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairlady held meetings with the non-executive Directors at least annually without presence of the executive Directors to evaluate the functioning of the Board.

Each of the Directors has entered into a service contract or has signed a letter of appointment with the Company for an initial term of three years until terminated by either party giving not less than three months' written notice to the other expiring at the end of the initial term of their appointment or any time thereafter. The appointments are subject to the provisions of the Articles of Association of the Company with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has made written annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Upon review, the Board concluded that all the independent non-executive Directors are independent within the meaning of the GEM Listing Rules.

## CHAIRLADY AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1 set out in the CG Code, the roles of chairlady and chief executive officer should be separate and should not be performed by the same individual. Ms. Low is currently the chairlady and chief executive officer of our Group. Our Board believes that vesting the roles of both chairlady and chief executive officer in the same person has the benefit of ensuring the consistent leadership within our Group and enables more effective and efficient overall strategic planning of our Group. Our Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable our Company to make and implement decisions promptly and effectively. Our Board will continue to review and consider splitting the roles of chairlady of our Board and chief executive officer of our Company at a time when it is appropriate and suitable by taking into account the circumstances of our Group as a whole.

## THE BOARD COMMITTEES

### Audit committee

Our Company has established an audit committee (the "**Audit Committee**") on 4 April 2018 with written terms of reference in compliance with the CG Code. The audit committee has three members, namely Mr. LU King Seng, Mr. John Chi Chung MAN (appointed on 4 June 2021) and Mr. CHAN Pak Hung (appointed on 4 June 2021), each of whom is an independent non-executive Director. Mr. LU King Seng, has been appointed as the chairman of the Audit Committee, and has the appropriate professional qualifications required under the GEM Listing Rules. The primary duties of our Audit Committee are to review the Group's quarterly, half-yearly and annual results, 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.

# CORPORATE GOVERNANCE REPORT



## Remuneration committee

Our Company has established a remuneration committee (the “**Remuneration Committee**”) on 4 April 2018 with written terms of reference in compliance with the CG Code. The Remuneration Committee has three members, namely Mr. CHAN Pak Hung (appointed on 4 June 2021), an independent non-executive Director, Mr. John Chi Chung MAN (appointed on 4 June 2021), an independent non-executive Director and Ms. LOW Yeun Ching @Kelly Tan an executive Director, our chairlady and chief executive officer. Mr. CHAN Pak Hung, has been appointed as the chairman of the Remuneration Committee. 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

Our Company has established a nomination committee (the “**Nomination Committee**”) on 4 April 2018 with written terms of reference in compliance with the CG Code. The Nomination Committee consists of three members, being Ms. LOW Yeun Ching @Kelly Tan, an executive Director. Mr. John Chi Chung (appointed on 4 June 2021), an independent non-executive Director, Mr. CHAN Pak Hung (appointed on 4 June 2021), an independent non-executive Director, Ms. LOW Yeun Ching @Kelly Tan, has been appointed as the chairlady of the Nomination Committee. 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.

The Board has adopted a board diversity policy which sets out its approach to the diversity of the Board. The Company is committed to the benefits of having a Board with appropriate balance of expertise, skills, experience and diversity of perspectives. The Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, experience, industry or regional experience etc. Selection of candidate will be based on a range of diversity perspectives including but not limited to the Company’s needs, the integrity, management experience, technical skills, industry or professional knowledge and experience of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. The Nomination Committee will consider candidates on merit and contribution that they will bring to the Board and then recommended the appropriate person(s) to the Board for consideration. The Nomination Committee will review, as appropriate, and monitor the implementation of the board diversity policy to ensure its effectiveness.

## DIRECTORS’ AND OFFICERS’ LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which has been complied with the CG Code. The insurance coverage is reviewed on an annual basis.



# CORPORATE GOVERNANCE REPORT

## RELATED PARTY TRANSACTIONS POLICY

During the year ended 31 December 2021, the related party transactions, if any, are periodically reviewed and approved by the Audit Committee.

## BOARD COMPOSITION AND BOARD AND COMMITTEE MEETINGS

### Practices and conduct of meetings

Provision A.1.1 of the CG Code prescribes that at least 4 regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication. The Board will schedule to have at least four regular meetings in a year. Other Board meetings will be held if necessary.

### Composition

As at 31 December 2021, the Board comprises four executive Directors and three independent non-executive Directors. The Company has met the requirements of the Rule 5.05 (1) and (2) of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the year. The Company has also complied with Rule 5.05A of the GEM Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board.

Biographical details of the Directors are shown on pages 14 to 16 of this report. Save as disclosed in the biographies of the Directors as set out in the section headed “Directors and Senior Management” of this report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive. The List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the Audit Committee, Remuneration Committee and Nomination Committee to oversee specific areas of the Company’s affairs. Each of these committees has been established with written terms of reference, which were approved by the Board, setting out the committee’s major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange.



# CORPORATE GOVERNANCE REPORT



## MEETINGS HELD AND ATTENDANCE

The composition of the Board and the committees, and the individual attendance records of each Director at the Board and Committees' meetings during the year ended 31 December 2021 are set out below:

Name of the directors	Meetings attended/Eligible to attend					
	Board meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Annual general meetings	Extraordinary general meetings
<b>Executive Directors</b>						
Ms. LOW Yeun Ching @Kelly Tan (Chairlady and Chief Executive Officer)	9/9	N.A	3/3	3/3	1/1	N.A
Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong)	9/9	N.A	N.A	N.A	1/1	N.A
Mr. CHIU Ka Wai	4/9	N.A	N.A	N.A	1/1	N.A
Mr. WU Guangliang (appointed on 26 August 2021)	3/9	N.A	N.A	N.A	N.A	N.A
<b>Independent non-executive Directors</b>						
Mr. LU King Seng	9/9	4/4	N.A	N.A	1/1	N.A
Mr. LEE Alex Jao Jang (resigned on 11 March 2021)	N.A	N.A	N.A	N.A	N.A	N.A
Mr. LIM Yeok Hua (retired on 1 June 2021)	3/3	2/2	2/2	2/2	1/1	N.A
Mr. John Chi Chung MAN (appointed on 4 June 2021)	6/6	2/2	1/1	1/1	N.A	N.A
Mr. CHAN Pak Hung (appointed on 4 June 2021)	6/6	2/2	1/1	1/1	N.A	N.A

## PROFESSIONAL DEVELOPMENT

To assist the Directors' continuing professional development, the Company continuously updated the Directors on the latest developments regarding the GEM Listing Rules and applicable regulatory requirements to ensure each Director is aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulations, and maintaining good corporate governance practices.

All Directors received a directors' training hosted by the legal adviser of our Company, which was about, inter alia, the updates on GEM Listing Rules including relevant rules for notifiable transactions.



# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis. The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, half-yearly and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The responsibility of the independent auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report. There is no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of external auditors.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are reasonable in accordance with applicable accounting standards.

The financial results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of senior management of the Company (whose biographies are set out on page 17 of this annual report), other than the Directors, for the year ended 31 December 2021 falls under the following bands:

Band of Remuneration	Number of individual
Within HK\$500,000 (approximately S\$0-S\$87,000)	1
HK\$500,001-HK\$1,000,000 (approximately S\$87,000-S\$173,000)	–
HK\$1,000,001-HK\$1,500,000 (approximately S\$173,000-S\$260,000)	–

# CORPORATE GOVERNANCE REPORT



## AUDITOR'S REMUNERATION

During the year ended 31 December 2021, the remuneration, reviewed and approved by the Audit Committee on the audit and non-audit scope, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, Ernst & Young LLP, were as follows:

Nature of service	2021 Amount S\$'000
Audit services	170

## CORPORATE GOVERNANCE FUNCTION

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as (i) developing and reviewing the Company's policies, practices on corporate governance, training and the continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc; (ii) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (iii) reviewing the Company's compliance with the CG Code and disclosure in this corporate governance report.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board papers and related materials such that they are able to make an informed decision and to discharge their duties and responsibilities.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Company had established policies and procedures to identify, assess and manage major risks of the Group. The Board has overall responsibilities for establishing and maintaining an effective risk management and internal control systems of the Group and reviewing their effectiveness. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is of the Company responsible for implementing that procedures approved by the Board and to monitor compliance with the policies and procedures. The Board has outsourced the internal audit function to professional risk consulting firms to perform the risk management and internal audit review annually on the control environment and key business processes of the Group. Based on discussions with the professional risk consultants, advisors and our management team, in view of their responses to the findings and recommendations on matters relating to internal controls, the Board is satisfied that there were no significant defects in Group's internal controls and risk management systems in terms of overall adequacy and effectiveness concerning the key operational, financial and compliance risks of the Group as at the date of this report.

Furthermore, the Company reminds the Directors and employees of the Group about due compliance with all policies regarding the Inside Information. The Company keeps the Directors and employees of the Group apprised of the latest regulatory updates to ensure compliance with the relevant regulatory requirements.



# CORPORATE GOVERNANCE REPORT

## COMPANY SECRETARY

The appointment and resignation of the Company Secretary is subject to approval by the Board in accordance with the Articles of Association. The Company Secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. The Company Secretary, Mr. Chan Tai Wah Calvin, confirmed that he has complied with all the qualifications, experience, and professional training requirements under Rule 5.15 of the GEM Listing Rules.

Details of the primary corporate contact person at the Company is set out under the section “Directors and Senior Management” in this report.

## SHAREHOLDERS’ RIGHTS

The general meetings of the Company provided an opportunity for communication between Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting (the “EGM”).

## RIGHT TO CONVENE EXTRAORDINARY GENERAL MEETINGS AND PROCEDURES

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Anyone or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company’s principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

### PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

Address: 124, Lorong 23 Geylang  
#10-01 and #10-02 Arcsphere  
Singapore 388405  
Email: askus@jlogoholdings.com  
Attention: Board of Directors/Company Secretary

# CORPORATE GOVERNANCE REPORT



## REGISTERED OFFICE OF THE COMPANY

Address: PO Box 1350  
Windward 3  
Regatta Office Park  
Grand Cayman KY1-1108 Cayman Islands  
Attention: Board of Directors/Company Secretary

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Address: Room 3705, 37/F,  
Hong Kong Plaza,  
188 Connaught Road West, Hong Kong  
Attention: Board of Directors/Company Secretary

If within 21 days from the date of the deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionist(s) may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

For matters in relation to the Board, Shareholders can contact the Company at the following: by post to Principal place of business of the Company in Hong Kong: Address: Room 3705, 37/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong; or by email to [askus@jlogoholdings.com](mailto:askus@jlogoholdings.com).

## RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

## RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.



# CORPORATE GOVERNANCE REPORT

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2021, there had been no change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

## INVESTOR RELATIONS

The Board recognizes the importance of maintaining on-going communication with Shareholders. The Company has adopted a Shareholders' communication policy and promotes communications with Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from Shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the extraordinary general meetings and annual general meeting of the Company were circulated to all Shareholders in accordance with the requirements of the GEM Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Room 3705, 37/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong; or by email to [askus@jlogoholdings.com](mailto:askus@jlogoholdings.com).

# DIRECTORS' REPORT



The Directors present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2021.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the business of:

- (1) Asian full services restaurants in Singapore; and
- (2) Artisanal bakery chain in Malaysia.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including an indication of likely future development in the Group's business, can be found in the section headed "Management Discussion and Analysis" in this report. This discussion forms part of this directors' report.

## PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, major risks are summarised below.

### **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**

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.

### **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.



# DIRECTORS' REPORT

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, our Group's customers were mainly retail customers for our dining operations in Singapore and artisanal bakery chain in Malaysia and the five largest customers of the Group accounted for less than 30% of the Group's total revenue.

During the year ended 31 December 2021, our Group's largest supplier and the five largest suppliers accounted for approximately 11.0% and 39.0% of total purchases, respectively, as compared with approximately 12.0% and 40.0% for the year ended 31 December 2020, respectively.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 December 2021.

## SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segment is set out in Note 4 to the consolidated financial statements.

## RECOMMENDED DIVIDEND

The Board did not recommend the payment of any dividend for year ended 31 December 2021 (2020: Nil).

The Company intends to strike a balance between maintaining sufficient capital to grow the business and rewarding the shareholders of the Company. The Board has adopted a dividend policy pursuant to which in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, the following factors:

- (i) the general financial condition of the Group;
- (ii) the actual and future operations and liquidity positions of the Group;
- (iii) the Group's future cash requirements and availability;
- (iv) any restrictions on payment of dividends that may be imposed by the Group's lenders or securities holders;
- (v) the general market conditions and prospect; and
- (vi) any other factor that the Board deems appropriate.



# DIRECTORS' REPORT



## USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

For details, please refer to page 11 to 13 of the section headed "Management Discussion and Analysis" in this report.

## CHARITABLE DONATIONS

The Group did not make any material charitable donations during the year (2020: Nil).

## SUMMARY FINANCIAL INFORMATION

A summary of the published financial results and assets, liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 116. This summary does not form part of the audited consolidated financial statements.

## SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in share capital of the Company during the year are set out in Note 23 to the consolidated financial statements. Details about the issuance of Shares are also set out in Note 23 to the consolidated financial statements.

## PURCHASES, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Associations (the "Articles") or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.



# DIRECTORS' REPORT

## DIRECTORS

The Directors during the financial year ended 31 December 2021 and up to the date of this report are as follows:

### Executive Directors

Ms. LOW Yeun Ching @Kelly Tan (*Chairlady and Chief Executive Officer*)

Mr. Sean LOW Yew Hong (*Sean Liu Yaoxiong*)

Mr. CHIU Ka Wai

Mr. WU Guangliang (*appointed on 26 August 2021*)

### Independent non-executive Directors

Mr. LU King Seng

Mr. John Chi Chung MAN (*appointed on 4 June 2021*)

Mr. CHAN Pak Hung (*appointed on 4 June 2021*)

Mr. LEE Alex Jao Jang (*resigned on 11 March 2021*)

Mr. LIM Yeok Hua (*retired on 1 June 2021*)

In accordance with article 112 of the Articles, Mr. WU Guangliang, Mr. John Chi Ching MAN and Mr. CHAN Pak Hung shall retire from office and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting of the Company (the "AGM").

In accordance with article 108 of the Articles, Ms. LOW Yeun Ching @Kelly Tan and Mr. CHIU Ka Wai shall retire by rotation from office and, being eligible, offer themselves for re-election as Directors at the forthcoming AGM.

## DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years and will continue thereafter until terminated in accordance with the terms of the agreement. The service agreements of Ms. LOW Yeun Ching @Kelly Tan, Mr. Sean LOW Yew Hong (Sean Liu Yaoxiong) and Mr. CHIU Ka Wai commenced from the Listing Date, the service agreement of Mr. WU Guangliang commenced from 26 August 2021.

The independent non-executive Directors have each signed an appointment letter with the Company for a term of three years and are subject to termination in accordance with their respective terms. The letter of appointment of Mr. LU King Seng commenced from the Listing Date, the letters of appointment of Mr. John Chi Chung MAN and Mr. CHAN Pak Hung commenced from 4 June 2021.

Each of the Directors is subject to the provisions for retirement by rotation and re-election at the AGM in accordance with the Articles.

Other than as disclosed above, no Directors proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

# DIRECTORS' REPORT



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2021, the interests and short positions of the Directors and chief executives of the Company or any of their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

### Long position in the Shares

Name of Director/Chief Executive	Capacity/ Nature of Interest	Number of Shares	Approximate Percentage
Ms. Low Yeun Ching @Kelly Tan <sup>(1)</sup>	Beneficial interest	219,500,000 Ordinary Shares <sup>(2)</sup>	43.9%

Notes:

- (1) Ms. Low is an executive Director, the chairlady of the Board and the chief executive officer of the Company.  
(2) These Shares are held in long position.

Save as disclosed above, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## SHARE OPTION SCHEME

The Company had adopted a share option scheme (the “**Share Option Scheme**”) on 4 April 2018 for the purpose of enabling our Company to grant rights to subscribe for Shares pursuant to the terms of the Share Option Scheme (“**Options**”, each an “**Option**”) as incentives or rewards to the Participants (as defined below) for their contribution to our Group and/or to enable our Group to recruit and retain high calibre employees and attract human resources that are valuable to our Group and any entity which our Group holds any equity interest (“**Invested Entity**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

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.



## DIRECTORS' REPORT

The Board may, at its discretion, invite any executive, non-executive or independent non-executive Directors or any employees (whether full-time or part-time) of our Company, or any of its subsidiaries or associated companies or any other person whom our Board considers, in its sole discretion, has contributed or will contribute to our Group ("**Participants**", each a "**Participant**") to take up the Options. The basis of eligibility of any of the class of the Participants to the grant of any Option shall be determined by our Board from time to time on the basis of their contribution to the development and growth of our Group and any Invested Entity. Unless otherwise determined by our Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option ("**Offer**"), there is neither any performance target that needs to be achieved by the Participant who accepts an Offer in accordance with the terms of the Share Option Scheme ("**Grantee**") before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

The subscription price for our Shares under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option, but in any case shall not be less than the highest of (a) the closing price of our Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date on which an Offer is made by our Company to the Grantee (which date must be a Business Day, "**Offer Date**"); (b) a price being the average of the closing prices of our Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date (provided that the Offer Price shall be used as the closing price for any Business Day falling within the period before listing of our Shares where our Company has been listed for less than five (5) Business Days as at the Offer Date); and (c) the nominal value of a Share.

The amount payable by the grantee of an Option to our Company on acceptance of the offer for the grant of an Option is HK\$1.00, which shall be payable within the period as our Board may determine and specify in the letter of Offer.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following the Listing (being 50,000,000 Shares). The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to Shareholders' approval in a general meeting. During the year ended 31 December 2021, the Company may grant options in respect of up to 50,000,000 Shares to the participants under the Share Option Scheme, being 10% of the issued shares of the Company as at the date of this report.

No option has lapsed, or has been granted, exercised or cancelled under the Share Option Scheme during the year ended 31 December 2021. Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at 31 December 2021, nor has there been any exercise, redemption, purchase or cancellation made during the year ended 31 December 2021 of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted.

# DIRECTORS' REPORT



## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, at no time during the year ended of 31 December 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2021, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the Shares and underlying shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

### Long positions in the Shares

Name	Capacity/ Nature of Interest	Aggregate number of Shares or Underlying Shares	Approximate percentage of interest in our Company
JingXin Healthcare International Limited 淨心療養院(國際)有限公司 ("JingXin Healthcare") <sup>(1)</sup>	Beneficial owner	90,500,000 Ordinary Shares <sup>(2)</sup>	18.1%

Notes:

- (1) JingXin Healthcare (formerly known as Bright Honor Investment International Limited) is held as to 100% by Peaceful and Land International Limited 祥和國際有限公司, which in turn is held as to 100% by Mr. Tobias Li Xi BERNOTH and therefore Mr. Tobias Li Xi BERNOTH is deemed to be interested in the 90,500,000 Shares held by JingXin Healthcare, pursuant to the SFO.
- (2) These Shares are held in long position.

Save as disclosed above, as at the date of this report, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation (other than the Directors and chief executives of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.



## **DIRECTORS' REPORT**

### **REMUNERATION POLICY**

Details of the remuneration of the Directors for the year ended 31 December 2021 are set out in Note 8 to the consolidated financial statements in this report. During the year ended 31 December 2021, there was no arrangement under which any Directors waived or agreed to waive any remuneration.

### **EMOLUMENT POLICY**

A remuneration committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

### **RELATED PARTY TRANSACTIONS**

Details of the related party transactions entered into by the Group are set out in Note 26 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

### **CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION**

During the year, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float required by the GEM Listing Rules during the year ended 31 December 2021.

### **INTEREST IN COMPETING BUSINESS**

The Directors are not aware of any business or interest of the Directors nor our controlling shareholders nor our substantial shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the year.

# DIRECTORS' REPORT



## DEED OF NON-COMPETITION

Ms. Low, our controlling shareholder (the “**Covenanter**”) entered into a deed of non-competition (the “**Non-competition Deed**”) in favour of our Company, pursuant to which the Covenanter has undertaken to our Company that she would not, and that her associates (except any member of our Group) would not, during the restricted period set out therein, 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 shareholder, partner, agent or otherwise) any business which is or may be in competition with our existing core business. Ms. Low has confirmed to the Company that the Non-competition Deed has been fully complied with as at 31 December 2021.

Details of the undertaking has been set out in the section headed “Relationship with Controlling Shareholder” of the Prospectus.

## COMPETITION AND CONFLICT OF INTEREST

During the year, none of the Directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was there any arrangement, to which the Company, or any of its subsidiaries was a party, whose objects are to enable the Directors to acquire benefits by means of the acquisition of Shares or debentures, or such shares or debentures of any other body corporate.

## INDEMNITY OF DIRECTORS

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they shall incur or sustain in execution of their duty or supposed duty in their respective offices, except such as they shall incur or sustain through their own fraud or dishonesty.

## CONTRACTS OF SIGNIFICANCE

Save as those disclosed in Note 26 to the consolidated financial statement, no transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Save as those disclosed in Note 26 to the consolidated financial statement, there was no contract of significance between the Company, or any of its subsidiaries, and a controlling Shareholder or any of its subsidiaries during the year.

Save as those disclosed in Note 26 to the consolidated financial statement, there was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries during the year.



# DIRECTORS' REPORT

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

A separate environmental, social and governance report is expected to be published on the respective websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.jlogoholdings.com](http://www.jlogoholdings.com)) no later than three months after the annual report has been published.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, none of the Directors had an interest in a business (other than those businesses where the Director were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with businesses of the Group.

## KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

## BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2021 are set out in Note 21 to the consolidated financial statements.



# DIRECTORS' REPORT



## FINANCIAL SUMMARY

A summary of the financial results and of the assets and liabilities of the Group for the last five financial years is set out on page 116 of the annual report.

## DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group for the year are set out in the consolidated statement of changes in equity on page 50.

Details of the movements in the reserve of the Company for the year are set out in Note 32 to the consolidated financial statements.

As at 31 December 2021, the Company had no distributable reserve (31 December 2020: Nil).

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2021.

## RETIREMENT SCHEMES

Particulars of retirement schemes are set out in Note 2.22 to the consolidated financial statements.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and, based on contents of such confirmation, considers all the independent non-executive Directors to be independent and that they have met the specific independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

## EVENTS AFTER THE REPORTING PERIOD

The Company was served with a writ of summons dated 23 February 2021 issued from the Supreme Court of Singapore by View Advance Limited against the Company and Ms. Low, the chairlady of the Board and the executive Director, claiming for a total sum of S\$9,073,811. The Company has reviewed the alleged information and sought legal advice on the matter and concluded that the allegation is totally unfounded, and have sought to apply to the Court for striking out the writ of summons, which was considered by the Court that a hearing shall be held and as at the date of this report the proceedings is ongoing with hearing date to be fixed. For details, please refer to the announcements of the Company dated 15 March 2021 and 1 November 2021. Other than the events set out in the Directors' Report and Note 33 to the consolidated financial statements, there were no other significant events after the reporting period up to the date of this report.



# DIRECTORS' REPORT

## CORPORATE GOVERNANCE

Details of the corporate governance practice adopted by the Company are set out on page 18 to 28 of this annual report.

## REVIEW BY AUDIT COMMITTEE

The Company's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2021.

## THE GROUP'S COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

## AUDITORS

The consolidated financial statements for the year ended 31 December 2021 has been audited by Ernst & Young LLP, Singapore. Ernst & Young LLP, Singapore will retire and being eligible, offer themselves for re-appointment. A resolution for their re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting of the Company.

Except as disclosed above, there has been no other change in auditor of the Company since the Listing Date and up to the date of this report.

## APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our Shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board

**LOW Yeun Ching @Kelly Tan**

*Chairlady and Executive Director*

25 March 2022

# INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

To the members of JLogo Holdings Limited  
(Incorporated in the Cayman Islands with limited liability)

### OPINION

We have audited the consolidated financial statements of JLogo Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") set out on pages 47 to 115, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (the "**IFRSs**") as issued by the International Accounting Standards Board (the "**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (the "**ISAs**") issued by the International Auditing and Assurance Standards Board (the "**IAASB**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "**ACRA**") *Code of Ethics for Professional Accountants* (the "**ACRA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matters
<p><i>Going concern</i></p> <p>The Group incurred a net loss of S\$2,819,000 during the financial year ended 31 December 2021 and as at that date, the Group's current liabilities exceeded its current assets by S\$1,020,000. As disclosed in Note 1 to the financial statements, the COVID-19 pandemic has affected the business of the Group, resulting in the deterioration of earnings and cashflows of the Group, and may continue to significantly disrupt the business activities of the Group. The prolonged result of which may materially affect the Group's ability to generate sufficient cash flows from operations.</p> <p>The consolidated financial statements have been prepared on a going concern basis. Management's assessment of the Group's ability to generate sufficient operating cash flows and availability of sufficient funds for its operations amidst the disruptions caused by the COVID-19 pandemic are important considerations in our assessment of the appropriateness of the going concern assumption used in the preparation of the financial statements. As management's going concern assessment is a significant aspect of our audit, we have identified this as a key audit matter.</p>	<p>We obtained an understanding of management's going concern assessment, taking into consideration the current business environment to corroborate our review of the key assumptions used by management. In our assessment, we considered past, current and anticipated changes in the business and economic environment and the effects of COVID-19 pandemic. We evaluated the reasonableness of the key assumptions, such as revenue projections, and timing of significant cash flows used in the forecasts as approved by the Board, and taking into consideration the Group's plans on return of operations to normalcy using different possible scenarios. We also performed sensitivity analyses on management's sales recovery assumptions and operating costs to assess the potential headroom on the Group's cash flows.</p> <p>We assessed the adequacy of the disclosure in relation to the above in Note 1 to the financial statements.</p>

# INDEPENDENT AUDITOR'S REPORT



## KEY AUDIT MATTERS (continued)

Key audit matters	How our audit addressed the key audit matters
<p><i>Carrying value of property, plant and equipment and right-of-use assets</i></p> <p>At 31 December 2021, the total carrying value of the Group's property, plant and equipment and right-of-use assets were S\$7,585,000, which represented 90% of the Group's total non-current assets. For its restaurants and bakery outlets that are reporting losses, management has used the investment payback period method to assess whether these outlets' property, plant and equipment and right-of-use assets have an indication of impairment. Management has considered factors including but not limited to the initial investment size, market reception and timing of commencement of operation which would affect the duration of the investment payback period. Where there is an indication of impairment, management determined the recoverable amount of the property, plant and equipment and right-of-use assets based on value in use calculations. This area was significant to our audit due to the size of the carrying amount of property, plant and equipment and right-of-use assets. In addition, in determining the value in use, management is required to make assumptions and estimation on the recoverable amount including but not limited to the forecasted revenue and operating expenses.</p> <p>Disclosures about the significant accounting estimates, and the impairment of property, plant and equipment and right-of-use assets are included in Notes 3.2, 13 and 14 to the financial statements respectively.</p>	<p>We assessed the method used by management to assess impairment indicators and evaluated the reasonableness of the key assumptions used in the impairment analysis. We reviewed management's budgeting process by comparing the actual financial performance against previously forecasted results. We assessed the reasonableness of forecasted revenue and budgeted gross margin, taking into consideration the Group's historical performance, with further consideration of the current market condition due to COVID-19, by comparing them to industry information on market outlook and anticipated changes in the business and economic environment. We assessed the sales recovery assumptions and growth rates by comparing them to recent performance of the outlets and available external industry data based on conditions prevailing at the reporting date.</p> <p>We involved our internal valuation specialists to assist us in assessing the discount rates used by management. We also reviewed the adequacy of the disclosures made on the impairment of property, plant and equipment and right-of-use assets.</p>



# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (continued)

Key audit matters	How our audit addressed the key audit matters
<p><i>Net realisable value for inventories</i></p> <p>As at 31 December 2021, the Group's inventory balance amounted to S\$325,000. Inventory valuation was an audit focus area because of the additional risks assessed due to the number of locations that the inventories were held at, and management's judgement in setting expectations about future utilisation of slow-moving inventories and inventories that are nearing their expiration dates.</p> <p>Disclosure about the significant accounting estimates and estimates of net realisable value are included in Notes 3.2 and 16 to the financial statements.</p>	<p>We assessed the state and condition of selected inventory items when we observed management's year-end inventory counts at selected locations.</p> <p>We assessed the estimation of net realisable value based on sales of inventories subsequent to year end, historical sales performance of the products in their life cycles, food margins and the outlook of the industry with consideration of COVID-19 impact on the sales, the nature of the inventories and the costs incurred historically to sell aged inventories. In particular, we tested the ageing and expiry dates of selected inventories. We also considered the appropriateness of management's expectations about future sales by reviewing historical sales pattern and future sales expectations.</p>

## OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

# INDEPENDENT AUDITOR'S REPORT



## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to the fraud or error.

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



## INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is LOW BEK TENG.

#### **Ernst & Young LLP**

*Public Accountants and Chartered Accountants*

Singapore

25 March 2022



# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021



	Notes	2021 S\$'000	2020 S\$'000
REVENUE	5	13,233	13,149
Cost of inventories sold and consumed		(3,506)	(3,462)
GROSS PROFIT		9,727	9,687
Other income and gains, net	5	2,959	2,939
Employee benefits expense		(5,858)	(5,660)
Depreciation of property, plant and equipment		(793)	(878)
Depreciation of right-of-use assets		(4,015)	(4,195)
Amortisation of intangible asset		(44)	(48)
Rentals and related expenses		(218)	(237)
Utility expenses		(776)	(790)
Marketing and advertising expenses		(44)	(26)
Other expenses		(3,252)	(2,248)
Finance costs	7	(506)	(629)
LOSS BEFORE TAX	6	(2,820)	(2,085)
Income tax credit	10	1	82
LOSS FOR THE YEAR (Attributable to owners of the Company)		(2,819)	(2,003)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (S\$ cents per share)	12	(0.56)	(0.40)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange difference on translation of foreign operations		37	(17)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		37	(17)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR (Attributable to owners of the Company)		(2,782)	(2,020)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	2021 S\$'000	2020 S\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	3,361	3,732
Right-of-use assets	14	4,224	5,586
Intangible asset	15	–	44
Other receivables	17	470	758
Prepayment for purchase of items of property, plant and equipment		400	400
<b>Total non-current assets</b>		<b>8,455</b>	10,520
<b>CURRENT ASSETS</b>			
Inventories	16	325	319
Trade and other receivables	17	1,123	2,669
Prepayments		64	85
Pledged deposits	18	1,518	1,445
Cash and cash equivalents	18	3,068	4,649
<b>Total current assets</b>		<b>6,098</b>	9,167
<b>CURRENT LIABILITIES</b>			
Trade and other payables	19	3,768	5,145
Due to a Director of the Company	26	–	14
Interest-bearing bank and other borrowings	21	470	75
Lease liabilities	14	2,873	3,771
Tax payable		7	8
<b>Total current liabilities</b>		<b>7,118</b>	9,013
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,020)</b>	154
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>7,435</b>	10,674
<b>NON-CURRENT LIABILITIES</b>			
Other payables	19	65	92
Interest-bearing bank and other borrowings	21	2,263	2,745
Lease liabilities	14	1,823	1,771
<b>Total non-current liabilities</b>		<b>4,151</b>	4,608
<b>Net assets</b>		<b>3,284</b>	6,066
<b>EQUITY</b>			
Share capital	23	869	869
Share premium	23	13,311	13,311
Reserves	24	(10,896)	(8,114)
<b>Total equity</b>		<b>3,284</b>	6,066

**LOW Yeun Ching @Kelly Tan**  
Director

**CHIU Ka Wai**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Share capital S\$'000 (Note 23)	Share premium S\$'000 (Note 23)	Merger reserve S\$'000 (Note 24)	Exchange fluctuation reserve S\$'000 (Note 24)	Retained profits S\$'000	Total S\$'000
At 1 January 2020	869	13,311	1,735*	20*	(7,849)*	8,086
Loss for the year	-	-	-	-	(2,003)	(2,003)
Exchange differences on translations of foreign operations, representing total other comprehensive income for the year	-	-	-	(17)	-	(17)
Total comprehensive loss for the year	-	-	-	(17)	(2,003)	(2,020)
<b>At 31 December 2020 and 1 January 2021</b>	<b>869</b>	<b>13,311</b>	<b>1,735*</b>	<b>3*</b>	<b>(9,852)*</b>	<b>6,066</b>
Loss for the year	-	-	-	-	(2,819)	(2,819)
Exchange differences on translations of foreign operations, representing total other comprehensive income for the year	-	-	-	37	-	37
Total comprehensive income/(loss) for the year	-	-	-	37	(2,819)	(2,782)
<b>At 31 December 2021</b>	<b>869</b>	<b>13,311</b>	<b>1,735*</b>	<b>40*</b>	<b>(12,671)*</b>	<b>3,284</b>

\* These reserve accounts comprise the consolidated reserves of S\$(10,896,000) (2020: S\$(8,114,000)) in the consolidated statement of financial position.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 S\$'000	2020 S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(2,820)</b>	(2,085)
Adjustments for:			
Depreciation of property, plant and equipment	6	<b>793</b>	878
Depreciation of right-of-use assets	6	<b>4,015</b>	4,195
Amortisation of intangible asset	6	<b>44</b>	48
Impairment loss on trade receivables	6	<b>–</b>	6
Reversal of impairment loss on other receivables	6	<b>(4)</b>	–
Write-off of property, plant and equipment	6	<b>67</b>	35
(Gain)/loss on disposal of property, plant and equipment	6	<b>(4)</b>	4
Impairment of property, plant and equipment	6	<b>39</b>	2
Impairment of right-of-use assets	6	<b>672</b>	16
(Gain)/loss on derecognition of right-of-use assets	6	<b>(22)</b>	7
COVID-19-related rent concessions from lessors	5	<b>(1,472)</b>	(1,337)
Provision/(reversal) for unutilized leave		<b>4</b>	(42)
Interest income	5	<b>(8)</b>	(158)
Interest expense	7	<b>487</b>	615
Unrealised exchange loss		<b>47</b>	18
		<b>1,838</b>	2,202
(Increase)/decrease in inventories		<b>(6)</b>	138
Decrease in trade and other receivables		<b>1,838</b>	83
Decrease in prepayments		<b>20</b>	119
(Decrease)/increase in trade and other payables		<b>(1,582)</b>	1,917
Cash generated from operations		<b>2,108</b>	4,459
Interest paid		<b>(79)</b>	(50)
Interest received		<b>8</b>	158
Income tax paid, net		<b>(20)</b>	(27)
Net cash flows generated from operating activities		<b>2,017</b>	4,540

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021



	Notes	2021 S\$'000	2020 S\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of items of property, plant and equipment	13	(350)	(416)
Increase in pledged time deposits		(73)	(639)
Net cash flows used in investing activities		(423)	(1,055)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from bank loans		–	1,750
Repayment of bank loans		(87)	(442)
Payment of principal portion of lease liabilities	14(b)	(3,088)	(3,472)
Net cash flows used in financing activities		(3,175)	(2,164)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,581)	1,321
Cash and cash equivalents at beginning of year		4,649	3,328
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	18	<b>3,068</b>	4,649
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		3,068	4,610
Fixed deposits with licensed banks		1,518	1,484
Less: Fixed deposit pledged		(1,518)	(1,445)
Cash and cash equivalents as stated in the statement of cash flows	18	3,068	4,649

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 1. CORPORATE AND GROUP INFORMATION

JLogo Holdings Limited (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 Ocorian Trust (Cayman) Limited, P.O. Box 1350, Windward 3, Regatta Office Park, Grand Cayman KY1-1108, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- (1) Asian full services restaurant operations in Singapore; and
- (2) Artisanal bakery chain in Malaysia.

### Information about subsidiaries

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 of incorporation/ registration and business	Issued/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
JLogo Limited	British Virgin Islands (“BVI”)	US\$2	100	–	Investment holding
JC Global Concepts Pte. Ltd.	Singapore	S\$2	–	100	Investment holding
Bosses Restaurant Pte. Ltd.	Singapore	S\$500,000	–	100	Restaurant operation
J W Central Pte. Ltd.	Singapore	S\$350,000	–	100	Restaurant operation
JC Dining Pte. Ltd.	Singapore	S\$500,000	–	100	Restaurant operation
Bread Story Sdn. Bhd.	Malaysia	RM1,000,000	–	100	Artisanal bakery chain
RJR Investment Co Limited	British Virgin Islands (“BVI”)	US\$10,000	100	–	Investment holding
RJR Investment HK Limited	Hong Kong	HK\$10,000	–	100	Investment holding
中昱健康產業服務（深圳）有限公司*	China	RMB5,000,000	–	100	Food and beverage services
Le Smart International Limited*	British Virgin Islands (“BVI”)	US\$50,000	100	–	Investment holding
樂智慧餐飲管理（國際）有限公司*	Hong Kong	HKD100	–	100	Investment holding
樂智慧餐飲管理（深圳）有限公司*	China	RMB10,000,000	–	100	Food and beverage services

\* These companies were newly incorporated during the current financial year and have not commenced operations since their incorporation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 1. CORPORATE AND GROUP INFORMATION (continued)

### Fundamental accounting concept

The Group incurred net loss of S\$2,819,000 during the financial year ended 31 December 2021 and as at that date, the Group's current liabilities exceeded its current assets by S\$1,020,000 (2020: net current assets of S\$154,000). Based on management's cash flow forecast for the next twelve months, the Group will maintain sufficient cash and cash equivalents via internally generated cash flows and available credit facilities to finance their activities and pay their debts as and when they fall due. Accordingly, management has assessed that the Group, with the financing facilities made available by its bankers, will have sufficient financial resources to enable the Group to continue as a going concern for at least the next twelve months from end of the reporting period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (the "IFRSs"), which include all International Financial Reporting Standards, International Accounting Standards (the "IASs") and Interpretations as issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention. The financial statements are presented in Singapore dollars ("SGD" or "S\$") and all values in the tables are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

#### *Basis of consolidation*

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.1 BASIS OF PREPARATION (continued)

#### *Basis of consolidation (continued)*

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. 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 derecognizes (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 recognizes (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. The Group's share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, or the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### *Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

#### *COVID-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16*

On 28 May 2020, the IASB issued *COVID-19-Related Rent Concessions – amendment to IFRS 16 Leases*. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

The Group has early adopted the amendment on 1 January 2021 and applied the practical expedient during the year ended 31 December 2021 to all rent concessions granted by the lessors that affected only payments originally due on or before 30 June 2022 as a direct consequence of the COVID-19 pandemic. A reduction in the lease payments arising from the rent concessions of S\$1,472,000 has been accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2021. There was no impact on the opening balance of equity as at 1 January 2021.

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### *IFRS 17 Insurance Contracts*

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

#### *IFRS 17 Insurance Contracts (continued)*

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

#### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

#### *Reference to the Conceptual Framework – Amendments to IFRS 3*

In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework*. The amendments are intended to replace a reference to the *Framework for the Preparation and Presentation of Financial Statements*, issued in 1989, with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the *Framework for the Preparation and Presentation of Financial Statements*.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

#### *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16*

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

#### *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

#### *IFRS 9 Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities*

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

#### *Definition of Accounting Estimates – Amendments to IAS 8*

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Group.

#### *Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2*

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements*, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group’s accounting policy disclosures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 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 recognized 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets 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 recognized 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 recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized 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) had no impairment loss been recognized 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.

### 2.6 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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 RELATED PARTIES (continued)

- (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; and the sponsoring employers of the post-employment benefit plan;
  - (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.

### 2.7 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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (continued)

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 property	–	2%
Kitchen and bar equipment	–	10% – 15%
Motor vehicles	–	10% – 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 recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sale proceeds and the carrying amount of the relevant asset.

### 2.8 INTANGIBLE ASSETS

Intangible asset acquired separately is measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life 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 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 recognized in profit or loss when the asset is derecognized.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.8 INTANGIBLE ASSETS (continued)

#### *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.

### 2.9 LEASES

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

#### *Group as lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

#### *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land and building	–	2%–33%
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 LEASES (continued)

*Group as lessee (continued)*

#### Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are presented separately in the statement of financial position.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 INVESTMENTS AND OTHER FINANCIAL ASSETS

#### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

All regular way purchases and sales of financial assets are recognized 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 marketplace.

#### *Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as follows:

#### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.11 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 derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- (a) the rights to receive cash flows from the asset have expired; or
- (b) 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 recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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.

### 2.12 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognizes an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.12 IMPAIRMENT OF FINANCIAL ASSETS (continued)

#### *General approach*

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 FINANCIAL LIABILITIES

#### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognized 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, amount due to a Director of the Company, interest-bearing bank and other borrowings and lease liabilities.

#### *Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as follows:

#### Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and 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 recognized in profit or loss when the liabilities are derecognized 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 the statement of profit or loss.

### 2.14 DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognized 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 recognized in the statement of profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 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 recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 2.16 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.

### 2.17 CASH AND CASH EQUIVALENTS

For the purpose of the combined statement 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 statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

### 2.18 PROVISIONS

A provision is recognized 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 recognized 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 the statement of profit or loss.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized 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 countries in which the Group operates in.

Deferred tax is provided, using the liability method, on all 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 recognized for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or 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 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 recognized for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary difference 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 recognized 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 utilized.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.19 INCOME TAX (continued)

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 utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of 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 and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### 2.20 GOVERNMENT GRANTS

Government grants are recognized 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 recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

### 2.21 REVENUE RECOGNITION

#### *Revenue from contracts with customers*

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 REVENUE RECOGNITION (continued)

#### *Revenue from contracts with customers (continued)*

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognized under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

#### (a) Sale of food and beverages

Revenue from the sale of food and beverages represent the invoiced value of food and beverages, net of goods and services tax, recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the food and beverages to the customer.

#### (b) Franchise and royalty fee income

Initial franchise income is recognized upon the grant of rights, completion of the designated phases of the franchise set-up and transfer of know-how to the franchisee in accordance with the terms stated in the franchise agreement. Recurring franchise income is recognized on a pre-determined amount in accordance with terms as stated in the franchise agreements. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreements.

#### (c) Membership income

The Group operates a loyalty programme that provides vouchers upon registration and rebates to members. Membership income is recognized upon utilisation of cash vouchers granted. A portion of revenue attributable to the rebate dollars granted for every dining bills, estimated based on expected utilization of these rebates and vouchers, is deferred until they are utilized. These are included under deferred revenue on the consolidated statement of financial position. Any remaining unutilized benefits are recognized as revenue upon expiry.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 REVENUE RECOGNITION (continued)

#### *Other income*

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

### 2.22 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.

### 2.23 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 cost 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.

### 2.24 DIVIDENDS

Final dividends are recognized as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognized immediately as a liability when they are proposed and declared.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.25 FOREIGN CURRENCIES

The functional currency of the Company is in Hong Kong dollars. As the Group mainly operates in Singapore, Singapore dollars is used as the presentation currency of the Group. 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. All differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income.

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 recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and 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 rates 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 recognized 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 recognized in the statement of 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements 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.

### 3.1 Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statement:

#### *Determining the lease term of contracts with renewal options*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate to the leases (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

### 3.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### 3.2 Estimation uncertainty (Continued)

#### *Impairment of property, plant and equipment and right-of-use assets*

The Group determines whether property, plant and equipment and right-of-use assets 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 and right-of-use assets 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 sales 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 using key assumptions such as revenue growth rate 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 and right-of-use assets as at 31 December 2021 was S\$3,361,000 (2020: S\$3,732,000) and S\$4,224,000 (2020: S\$5,586,000), respectively.

#### *Allowance for inventory obsolescence*

At the end of the financial year, the Group assesses whether any allowance for inventory obsolescence is required based on the best available facts and circumstances, including but not limited to, the inventories' physical conditions, age of inventories, their market selling prices, historical experiences and estimated costs to be incurred for their sales. An amount of estimation is required to determine the inventory obsolescence. The realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available and inherently involves estimates regarding the future expected realisable value. The carrying amount of the Group's inventories as at 31 December 2021 was S\$325,000 (2020: S\$319,000).

#### *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



31 December 2021

## 4. 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 confectionery products

Management monitors the operating results of the Group's operating segments 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 financial statements. 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 sales and transfers are on terms' agreement 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 consolidation.

### Geographical Information

The Group's revenue from external customers was derived from its operations in Singapore and Malaysia, and the non-current assets of the Group were located in Singapore and Malaysia as at 31 December 2021 and 2020.

### 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 during the year, no major customer information is presented in accordance with IFRS 8 *Operating Segment*.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers (continued)

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Revenue:</b>								
External customers	10,290	10,093	2,943	3,056	-	-	13,233	13,149
Intersegment sales	157	149	-	-	(157)	(149)	-	-
Segment revenue	10,447	10,242	2,943	3,056	(157)	(149)	13,233	13,149
Cost of inventories sold and consumed	(2,634)	(2,550)	(1,029)	(1,061)	157	149	(3,506)	(3,462)
Gross profit	7,813	7,692	1,914	1,995	-	-	9,727	9,687
<b>Results:</b>								
Other income and gains, net	3,058	3,204	401	235	(500)	(500)	2,959	2,939
Employee benefits expenses	(3,823)	(3,537)	(1,097)	(1,159)	-	-	(4,920)	(4,696)
Depreciation and amortisation expense	(4,094)	(4,164)	(758)	(957)	-	-	(4,852)	(5,121)
Rentals and related expenses	(104)	(184)	(114)	(53)	-	-	(218)	(237)
Utility expenses	(593)	(593)	(183)	(197)	-	-	(776)	(790)
Marketing and advertising expenses	(42)	(24)	(2)	(2)	-	-	(44)	(26)
Other operating expenses	(3,423)	(2,331)	(329)	(417)	500	500	(3,252)	(2,248)
Finance costs	(427)	(522)	(79)	(107)	-	-	(506)	(629)
Segment loss	(1,635)	(459)	(247)	(662)	-	-	(1,882)	(1,121)
Unallocated employee benefits expense							(938)	(964)
Loss before tax							(2,820)	(2,085)
Income tax credit							1	82
Loss for the year							(2,819)	(2,003)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 4. OPERATING SEGMENT INFORMATION (continued)

### Information about major customers (continued)

	Dining operations		Artisanal bakery		Adjustments and eliminations		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets:</b>								
Property, plant and equipment	2,804	3,124	557	608	–	–	3,361	3,732
Intangible asset	–	44	–	–	–	–	–	44
Right-of-use assets	3,180	4,347	1,044	1,239	–	–	4,224	5,586
Other segment assets	20,742	25,005	650	670	(14,424)	(15,350)	6,968	10,325
Segment assets	26,726	32,520	2,251	2,517	(14,424)	(15,350)	14,553	19,687
Total assets							14,553	19,687
<b>Liabilities:</b>								
Segment liabilities	(22,510)	(25,670)	(2,685)	(2,708)	14,428	15,354	(10,767)	(13,024)
Unallocated liabilities*							(502)	(597)
Total liabilities							(11,269)	(13,621)
<b>Other segment information:</b>								
Capital expenditure **	288	324	62	92	–	–	350	416
Write-off of property, plant and equipment	66	1	1	34	–	–	67	35
Impairment of property, plant and equipment and right-of-use assets	711	18	–	–	–	–	711	18

\* The unallocated liabilities are mainly corporate liabilities.

\*\* Capital expenditure consists of additions to property, plant and equipment and intangible asset.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 4. OPERATING SEGMENT INFORMATION (continued)

(a) *Geographical information*

Revenue from external customers:

	2021 S\$'000	2020 S\$'000
Singapore	10,290	10,093
Malaysia	2,943	3,056
	<b>13,233</b>	13,149

The revenue information above is based on the locations of the customers.

(b) *Non-current assets*

	2021 S\$'000	2020 S\$'000
Singapore	6,771	8,571
Malaysia	1,684	1,949
	<b>8,455</b>	10,520

The non-current assets information above is based on the locations of the assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2021 S\$'000	2020 S\$'000
Revenue from contracts with customers	13,233	13,149

### Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2021

Segments	Dining operations S\$'000	Artisanal bakery S\$'000	Total S\$'000
<b>Types of goods or services</b>			
Sale of food and beverages	10,290	2,939	13,229
Franchise and royalty fee income	–	4	4
Total revenue from contracts with customers	10,290	2,943	13,233
<b>Geographical markets</b>			
Malaysia	–	2,943	2,943
Singapore	10,290	–	10,290
Total revenue from contracts with customers	10,290	2,943	13,233
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	10,290	2,939	13,229
Goods and services transferred over time	–	4	4
Total revenue from contracts with customers	10,290	2,943	13,233

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

#### For the year ended 31 December 2020

Segments	Dining operations S\$'000	Artisanal bakery S\$'000	Total S\$'000
<b>Types of goods or services</b>			
Sale of food and beverages	10,093	3,038	13,131
Franchise and royalty fee income	–	18	18
Total revenue from contracts with customers	10,093	3,056	13,149
<b>Geographical markets</b>			
Malaysia	–	3,056	3,056
Singapore	10,093	–	10,093
Total revenue from contracts with customers	10,093	3,056	13,149
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	10,093	3,038	13,131
Goods and services transferred over time	–	18	18
Total revenue from contracts with customers	10,093	3,056	13,149

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

#### For the year ended 31 December 2021

Segments	Dining operations S\$'000	Artisanal bakery S\$'000	Total S\$'000
<b>Revenue from contracts with customers</b>			
External customers	10,290	2,943	13,233
Intersegment sales	157	–	157
Total revenue from contracts with customers	10,447	2,943	13,390
Intersegment adjustments and eliminations	(157)	–	(157)
Total revenue from contracts with customers	10,290	2,943	13,233

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue from contracts with customers (continued)

(i) Disaggregated revenue information (continued)

#### For the year ended 31 December 2020

Segments	Dining operations S\$'000	Artisanal bakery S\$'000	Total S\$'000
<b>Revenue from contracts with customers</b>			
External customers	10,093	3,056	13,149
Intersegment sales	149	–	149
Total revenue from contracts with customers	10,242	3,056	13,298
Intersegment adjustments and eliminations	(149)	–	(149)
Total revenue from contracts with customers	10,093	3,056	13,149

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2021 S\$'000	2020 S\$'000
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:		
Membership fee	–	67
Franchise fee	4	6
	4	73

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue from contracts with customers (continued)

#### (ii) Performance obligations

Information about the Group's performance obligations is summarised below:

#### Sale of food and beverages

The performance obligation is satisfied upon delivery of the food and payment is due at the point of sale.

#### Membership fee

The performance obligation is satisfied upon utilisation of cash vouchers granted on membership sign up. Payments are made upfront.

#### Franchise fee

The performance obligation is satisfied over time as services are rendered. Payments are made upfront.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 S\$'000	2020 S\$'000
<b>Amounts to be recognized as revenue</b>		
Within one year	–	8
More than one year	–	–
	–	8

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognized as revenue after one year relate to franchise fee that are to be satisfied within five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognized as revenue within one year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 5. REVENUE, OTHER INCOME AND GAINS (continued)

### Revenue from contracts with customers (continued)

#### (iii) Other income and gains, net

	2021 S\$'000	2020 S\$'000
<b>Other income and gains</b>		
Government grants*	1,409	1,343
COVID-19-related rent concessions from lessors	1,472	1,337
Interest income	8	158
Foreign exchange gain, net	–	22
Others	70	79
	<b>2,959</b>	<b>2,939</b>

\* The amount mainly represents rewards or subsidies under the Special Employment Credit Scheme, Wage Credit Scheme, Job Support Scheme and Wage Subsidy Program which were received from the Singapore and Malaysia government. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2021 S\$'000	2020 S\$'000
Depreciation of property, plant and equipment	13	793	878
Depreciation of right-of-use assets	14	4,015	4,195
Amortisation of intangible asset	15	44	48
Auditors' remuneration		192	170
Expense relating to short-term leases	14	119	85
Variable lease payments not included in the measurement of lease liabilities	14	94	150
Staff costs (excluding directors' and chief executive's remuneration (note 8))			
– Salaries, wages and bonuses		4,524	4,494
– Staff welfare and others		397	245
– Pension scheme contributions		398	408
Write-off of property, plant and equipment	13	67	35
(Gain)/loss on disposal of property, plant and equipment	13	(4)	4
Impairment of property, plant and equipment	13	39	2
Impairment of right-of-use assets	14	672	16
(Gain)/loss on derecognition of right-of-use assets	14	(22)	7
Impairment loss on trade receivables	17	–	6
Reversal of impairment loss on other receivables		(4)	–
Foreign exchange loss/(gain), net		9	(22)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 7. FINANCE COSTS

	2021 S\$'000	2020 S\$'000
Interest on bank loans	79	50
Interest on lease liabilities	408	565
Bank charges	24	14
Others	(5)	–
	<b>506</b>	<b>629</b>

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2021 S\$'000	2020 S\$'000
Fees	93	100
Other emoluments:		
Salaries, allowances and benefits in kind	512	486
Pension scheme contributions	27	27
	<b>539</b>	<b>513</b>
	<b>632</b>	<b>613</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The emoluments paid or payable to each of the directors and the chief executive of the Company for the year were as follows:

	Fees S\$'000	Salaries, allowances and benefits in kind S\$'000	Discretionary performance- related bonuses S\$'000	Pension scheme contributions S\$'000	Total remuneration S\$'000
<b>Year ended 31 December 2021</b>					
<b>(a) Executive Directors:</b>					
Ms. Low Yeun Ching @Kelly Tan	-	238	-	9	247
Mr. Chiu Ka Wai	-	183	-	6	189
Mr. Sean Low	-	77	-	12	89
Mr. Wu Guangliang (appointed 26 August 2021)	-	14	-	-	14
	-	512	-	27	539
<b>(b) Independent non-executive Directors:</b>					
Mr. Lu King Seng	40	-	-	-	40
Mr. John Chi Chung MAN (appointed on 4 June 2021)	17	-	-	-	17
Mr. CHAN Pak Hung (appointed on 4 June 2021)	17	-	-	-	17
Mr. Lee Alex Jao Jang (resigned on 11 March 2021)	6	-	-	-	6
Mr. Lim Yeok Hua (retired on 1 June 2021)	13	-	-	-	13
	93	-	-	-	93
	93	512	-	27	632

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the year.

	Fees S\$'000	Salaries, allowances and benefits in kind S\$'000	Discretionary performance- related bonuses S\$'000	Pension scheme contributions S\$'000	Total remuneration S\$'000
<b>Year ended 31 December 2020</b>					
<b>(a) Executive Directors:</b>					
Ms. Low Yeun Ching @Kelly Tan	-	240	-	9	249
Mr. Chiu Ka Wai	-	174	-	6	180
Mr. Sean Low	-	72	-	12	84
	-	486	-	27	513
<b>(b) Independent non-executive Directors:</b>					
Mr. Lu King Seng	40	-	-	-	40
Mr. Lee Alex Jao Jang	30	-	-	-	30
Mr. Lim Yeok Hua	30	-	-	-	30
	100	-	-	-	100
	100	486	-	27	613

There was no arrangement under which a Director or the chief executive waived or agreed to waive any remuneration during the year.

During the year, no remuneration was paid by the Group to any of the Directors as an inducement to join or compensation for loss of office.

## 9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors, details of whose remuneration are set out in Note 8 above. Details of the remuneration of the remaining two (2020: two) highest paid employees who are neither a director nor chief executive of the Group for the year are as follows:

	2021 S\$'000	2020 S\$'000
Salaries, allowances and benefits in kind	152	158
Pension scheme contributions	17	23
	169	181

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 9. FIVE HIGHEST PAID EMPLOYEES (continued)

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	
	2021	2020
Nil to HK\$1,000,000 (equivalent to S\$173,000 (2020: S\$171,000))	2	2

During the year, 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.

## 10. INCOME TAX

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 a rate of 17% and 24% on the estimated profits arising in Singapore and Malaysia respectively during the year.

	2021 S\$'000	2020 S\$'000
Current income tax		
– Current year	1	7
– Over provision in respect of prior years	(2)	(56)
	(1)	(49)
Deferred tax		
– Current year	–	(38)
– Under provision in respect of prior years	–	5
	–	(33)
Tax credit for the year	(1)	(82)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 10. INCOME TAX (continued)

A reconciliation of the tax credit applicable to loss before tax at the statutory/applicable rates for the countries or jurisdictions in which the Company's subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2021		2020	
	S\$'000	%	S\$'000	%
Loss before tax	(2,820)		(2,085)	
Tax at the statutory tax rate (17%)	(479)	17.0	(354)	17.0
Effect of different tax rate in other countries*	(13)	0.5	(46)	2.2
Expenses not deductible for tax	173	(6.1)	215	(10.3)
Income not subjected to tax	(310)	11.0	(190)	9.1
Under provision of deferred tax liabilities respect of prior years	–	–	5	(0.2)
Over provision of income tax in respect of prior years	(2)	–	(56)	2.7
Effect of partial tax exemption and tax relief and corporate income tax rebate	9	0.3	(8)	0.4
Deferred tax assets not recognized	596	(21.1)	367	(17.6)
Others	25	(0.9)	(15)	0.7
Tax credit at the Group's effective tax rate	(1)	–	(82)	3.9

\* Effects of higher tax rates in Malaysia and China at 24% and 25% respectively for the year ended 31 December 2021 (2020: Malaysia at 24%).

## 11. DIVIDENDS

There were no dividends paid or declared by the Company since its incorporation.

## 12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

As at 31 December 2021, the Company had 500,000,000 (2020: 500,000,000) ordinary shares in issue. The calculation of the basic loss per share is based on the following data:

	2021	2020
	S\$'000	S\$'000
<b>Loss</b>		
Loss for the year attributable to equity holders of the parent	(2,819)	(2,003)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

	2021 '000	2020 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	<b>500,000</b>	500,000

Basic loss per share for the year ended 31 December 2021 is S\$(0.56) cents (2020: S\$(0.40) cents).

The Company had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

## 13. PROPERTY, PLANT AND EQUIPMENT

	Freehold property 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
<b>31 December 2020</b>							
At 1 January 2020:							
Cost	1,815	2,176	404	1,295	571	5,161	11,422
Accumulated depreciation and impairment	(47)	(1,531)	(173)	(590)	(452)	(4,450)	(7,243)
Net carrying amount	1,768	645	231	705	119	711	4,179
At 1 January 2020,							
net of accumulated depreciation and impairment	1,768	645	231	705	119	711	4,179
Additions	-	14	-	132	62	267	475
Write-off	-	-	-	(22)	(2)	(11)	(35)
Disposal	-	(2)	(2)	-	-	-	(4)
Impairment loss	-	-	-	-	-	(2)	(2)
Depreciation provided during the year	(36)	(157)	(35)	(206)	(44)	(400)	(878)
Exchange realignment	-	(1)	-	(1)	-	(1)	(3)
At 31 December 2020,							
net of accumulated depreciation and impairment	1,732	499	194	608	135	564	3,732
At 31 December 2020:							
Cost	1,815	2,116	394	1,325	625	5,246	11,521
Accumulated depreciation and impairment	(83)	(1,617)	(200)	(717)	(490)	(4,682)	(7,789)
Net carrying amount	1,732	499	194	608	135	564	3,732

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold property 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
<b>31 December 2021</b>							
At 1 January 2021:							
Cost	1,815	2,116	394	1,325	625	5,246	11,521
Accumulated depreciation and impairment	(83)	(1,617)	(200)	(717)	(490)	(4,682)	(7,789)
Net carrying amount	1,732	499	194	608	135	564	3,732
At 1 January 2021, net of accumulated depreciation and impairment	1,732	499	194	608	135	564	3,732
Additions	-	97	-	143	18	286	544
Write-off	-	(24)	-	(26)	(4)	(13)	(67)
Impairment loss	-	-	-	-	-	(39)	(39)
Depreciation provided during the year	(36)	(145)	(29)	(196)	(48)	(339)	(793)
Exchange realignment	(1)	(8)	(1)	(5)	-	(1)	(16)
At 31 December 2021, net of accumulated depreciation and impairment	1,695	419	164	524	101	458	3,361
At 31 December 2021:							
Cost	1,813	2,025	363	1,351	607	5,051	11,210
Accumulated depreciation and impairment	(118)	(1,606)	(199)	(827)	(506)	(4,593)	(7,849)
Net carrying amount	1,695	419	164	524	101	458	3,361

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (i) The freehold property located at Kuala Lumpur, Malaysia relates to a unit in an apartment used for the Group's hostel purposes. The carrying amounts of the Group's freehold apartment as at 31 December 2021 was S\$90,000 (2020: S\$94,000). The freehold property located in Singapore relates to the Group's headquarter office unit. The carrying amounts of the freehold unit as at 31 December 2021 was S\$1,605,000 (2020: S\$1,638,000).

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.

- (ii) The additions in property, plant and equipment are by means of:

	2021 S\$'000	2020 S\$'000
Additions of property, plant and equipment	544	475
Less: Provision for reinstatement costs (Note 20)	(25)	(3)
Less: Trade and other payables	(169)	(56)
Cash invested in property, plant and equipment	350	416

- (iii) An impairment loss was recognized to write down the carrying amount of furniture and fittings and leasehold improvements attributable to financial losses suffered at one of the restaurants. The impairment loss of S\$39,000 (2020: S\$2,000) has been recognized in profit or loss under the line item "other expenses" for the years ended 31 December 2021 and 2020.
- (iv) As at 31 December 2021, certain of the Group's freehold property with a net carrying amount of approximately S\$1,605,000 (2020: S\$1,638,000) was pledged to secure general banking facilities granted to the Group (Note 21).
- (v) Motor vehicles of the Group amounting to approximately S\$164,000 (2020: S\$187,000) is pledged as security for bank borrowings (Note 21).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 14. LEASES

### The Group as a lessee

The Group has lease contracts for leasehold land and buildings. Lump sum payments were made upfront to acquire leased land from owners with lease period of 99 years, and no ongoing payments will be made under the terms of these leases. Leases of leasehold land and buildings generally have lease terms between 3 and 5 years. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land and building	
	2021 S\$'000	2020 S\$'000
As at 1 January	5,586	8,674
Addition	3,486	1,211
Depreciation charge	(4,015)	(4,195)
Impairment	(672)	(16)
Derecognition	(146)	(81)
Exchange alignment	(15)	(7)
As at 31 December	4,224	5,586



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 14. LEASES (continued)

### The Group as a lessee (Continued)

#### (b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Lease liabilities	
	2021 S\$'000	2020 S\$'000
As at 1 January	5,542	8,650
New leases	3,486	1,211
Accretion of interest recognized during the year	408	565
Derecognition	(168)	(74)
COVID-19-related rent concessions from lessors	(1,472)	(1,337)
Payments	(3,088)	(3,472)
Exchange alignment	(12)	(1)
As at 31 December	4,696	5,542
Analysed into:		
Current portion	2,873	3,771
Non-current portion	1,823	1,771

The amounts recognized in profit or loss in relation to leases are as follows:

	2021 S\$'000	2020 S\$'000
Interest on lease liabilities	408	565
Depreciation charge of right-of-use assets	4,015	4,195
Impairment of right-of-use assets	672	16
(Gain)/loss on derecognition of right-of-use assets	(22)	7
Expense relating to short-term leases (included in administrative expenses)	119	85
Variable lease payments not included in the measurement of lease liabilities (included in administrative expenses)	94	150
Total amount recognized in profit or loss	5,286	5,018

An impairment loss was recognized to write down the carrying amount of right-of-use-assets attributable to financial losses suffered at one of the restaurants. The impairment loss of S\$672,000 (2020: S\$16,000) has been recognized in profit or loss under the line item "other expenses" for the year ended 31 December 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 15. INTANGIBLE ASSET

	Franchise licence	
	2021	2020
	S\$'000	S\$'000
At 1 January:		
Cost	243	243
Accumulated amortization	(199)	(151)
At 31 December, net carrying amount	44	92
At 1 January, net of accumulated amortisation	44	92
Amortisation provided during the year	(44)	(48)
At 31 December, net of accumulated amortization	–	44
At 31 December:		
Cost	243	243
Accumulated amortization	(243)	(199)
Net carrying amount	–	44

The franchise licence of the Group represent 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 intangible asset has been fully amortized during the year ended 31 December 2021.

During the financial year, the franchise agreement was extended for a period of 1 year, following its expiry on 15 November 2021, to 15 November 2022.

## 16. INVENTORIES

	2021	2020
	S\$'000	S\$'000
At cost or net realisable value:		
Raw materials	267	259
Finished goods	18	6
Food and beverage, and other operating items for restaurant operations	40	54
	325	319

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 17. TRADE AND OTHER RECEIVABLES

	2021 S\$'000	2020 S\$'000
Trade receivables, net	81	85
Loan receivables	–	1,512
Refundable deposits, net	1,326	1,518
Government grant receivables	53	261
Other receivables	133	51
	<b>1,593</b>	3,427
Less: refundable deposits classified as non-current assets	<b>(470)</b>	(758)
	<b>1,123</b>	2,669

Loan receivables of S\$1,512,000 as at 31 December 2020 was collected during the current financial year.

	2021 S\$'000	2020 S\$'000
Trade receivables	81	223
Impairment	–	(138)
Trade receivables, net	<b>81</b>	85

The Group's trading terms with its customers are mainly on cash and credit card settlement. The credit term to franchisees is generally on 14 to 30 days. In view of 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 17. TRADE AND OTHER RECEIVABLES (continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021 S\$'000	2020 S\$'000
Less than 30 days	81	77
More than 90 days	–	8
	<b>81</b>	<b>85</b>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021 S\$'000	2020 S\$'000
At 1 January	138	132
Expected credit losses		
– Lifetime	(138)	(95)
– Credit-impaired	–	101
At 31 December	–	138

An impairment analysis is performed at each reporting date using the general approach to measure expected credit losses. The Group assesses whether credit risk on the trade receivable has increased significantly since initial recognition. The Group considers trade receivables in default when contractual payments are 90 days past due.

Refundable deposits mainly represent rental deposits and deposits with suppliers. As at 31 December 2021 and 2020, the loss allowance is assessed as follows:

	2021 S\$'000	2020 S\$'000
Refundable deposits	1,339	1,531
Impairment	(13)	(13)
Refundable deposits, net	<b>1,326</b>	<b>1,518</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 17. TRADE AND OTHER RECEIVABLES (continued)

The movements in the loss allowance for impairment of refundable deposits are as follows:

	2021 S\$'000	2020 S\$'000
At 1 January and 31 December	13	13

## 18. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2021 S\$'000	2020 S\$'000
Cash and bank balances	3,443	4,610
Fixed deposits with licensed banks	1,143	1,484
	<b>4,586</b>	6,094
Less: Fixed deposits pledged for banking facilities	<b>(1,518)</b>	(1,445)
	<b>(1,518)</b>	(1,445)
Cash and cash equivalents as stated in the statement of cash flows	<b>3,068</b>	4,649

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

Fixed deposits of S\$1,518,000 (2020: S\$1,445,000) were pledged to a licensed bank for banking facilities granted to the Group as at 31 December 2021. This includes S\$1,196,000 (2020: S\$663,000) which was pledged to a licensed bank to cure the breach in a loan covenant, as disclosed in Note 21.

The interest rates of the fixed deposits range from 0.05% to 3.1% (2020: 0.05% to 3.1%) per annum. The maturity periods of the fixed deposits during the financial year ended 31 December 2021 is 92 days to 365 days (2020: 92 days to 365 days).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 19. TRADE AND OTHER PAYABLES

	2021 S\$'000	2020 S\$'000
Trade payables	884	879
Other payables	1,534	2,409
Accrued expenses	1,125	1,256
Deferred revenue	3	8
Deferred grant income	–	332
Provision for unutilized leave	56	52
Provision for reinstatement costs (Note 20)	179	177
Goods and services tax (“GST”) payables	52	124
	<b>3,833</b>	5,237
Less: other payables classified as non-current liabilities	<b>(65)</b>	(92)
	<b>3,768</b>	5,145

Trade payables and other payables are normally settled on 60 days’ 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:

	2021 S\$'000	2020 S\$'000
Less than 30 days	484	435
30 to 60 days	300	300
61 to 90 days	82	95
More than 90 days	18	49
	<b>884</b>	879

Trade and other payables denominated in foreign currency are as follows:

	2021 S\$'000	2020 S\$'000
Thai Baht	3	3

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 20. PROVISIONS

Provision for reinstatement costs

	2021 S\$'000	2020 S\$'000
At 1 January	177	192
Additions	25	3
Utilisation	(22)	(18)
Exchange difference	(1)	–
At 31 December	179	177

Provision for reinstatement costs is recognized 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 2021 and 2020.

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021			2020		
	Effective interest rate	Maturity	S\$'000	Effective interest rate	Maturity	S\$'000
Current						
Bank loan I	1-month SIBOR plus 2.00%-3.00%	2022	32	1-month SIBOR plus 2.00%-3.00%	2021	19
Bank loan II	5.14%	2022	19	5.14%	2021	17
Bank loan III	3.00%	2022	121	3.00%	2021	39
Bank loan IV	3.00%	2022	179	–	–	–
Bank loan V	3.00%	2022	119	–	–	–
Bank borrowings			470			75
Lease liabilities (Note 14(b))	6.00%	2022	2,873	6.00%	2021	3,771
			3,343			3,846

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

	2021			2020		
	Effective interest rate	Maturity	S\$'000	Effective interest rate	Maturity	S\$'000
Non-current						
Bank loan I	1-month SIBOR plus 2.00%-3.00%	2044	903	1-month SIBOR plus 2.00%-3.00%	2044	946
Bank loan II	5.14%	2026	68	5.14%	2026	88
Bank loan III	3.00%	2025	340	3.00%	2025	461
Bank loan IV	3.00%	2025	571	3.00%	2025	750
Bank loan V	3.00%	2025	381	3.00%	2025	500
Bank borrowings			2,263			2,745
Lease liabilities (Note 14(b))	6.00%	2024	1,823	6.00%	2023	1,771
			4,086			4,516
Total			7,429			8,362
				2021		2020
				S\$'000		S\$'000
Analysed into:						
Within one year				3,343		3,846
In the second year				1,795		2,109
In the third to fifth years				1,388		1,456
Over five years				903		951
				7,429		8,362



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 21. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

Bank loans – secured

Singapore dollar (“S\$”) bank loan I

On 4 September 2019, the Group entered into a bank loan to finance the acquisition of a property. The bank loan is secured by way of corporate guarantee by the Group and mortgage over the property as disclosed in Note 13.

Singapore dollar (“S\$”) bank loan II

This loan is secured by a charge over a motor vehicle (Note 13). The discount rate implicit in the loan is 5.14% for the year ended 31 December 2021.

Singapore dollar (“S\$”) bank loan III

This loan is secured by way of corporate guarantee by the Group. The discount rate implicit in the loan is 3% for the year ended 31 December 2021. The loan is secured by the fixed deposit of S\$200,000 (2020: S\$659,000) pledged to the bank.

Singapore dollar (“S\$”) bank loan IV & V

The loan is secured by way of corporate guarantee by the Group and a personal guarantee by the Director. The discount rate implicit in the loan is 3% for the year ended 31 December 2021 (2020: 3%).

As at 31 December 2021, the Group breached a covenant of the bank loans. The Group did not fulfil the requirement to maintain normalized debt service coverage ratio of 1 time at all times. As at 31 December 2021, the carrying amount of the loan payable was S\$1,396,000 (2020: S\$1,463,000). The bank is contractually entitled to request for the shortfall to be covered by cash or fixed deposits, to be placed with them until the breach is cured. The amount of cash required to cure the breach is S\$1,196,000 (2020: S\$663,000) and has been classified as restricted cash at year end.

## 22. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

### Deferred tax assets (prior to offset)

	Tax losses <sup>(a)</sup> S\$'000	Provisions S\$'000	Others <sup>(b)</sup> S\$'000	Total S\$'000
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	–	–	–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 22. DEFERRED TAX (continued)

### Deferred tax liabilities (prior to offset)

	Accelerated tax depreciation S\$'000
At 1 January 2020	33
Deferred tax credited to the statements of profit or loss during the year (Note 10)	(33)
At 31 December 2020, 1 January 2021 and 31 December 2021	–

(a) The Group has tax losses arising from Singapore of S\$6,079,000 (2020: S\$3,294,000) as at 31 December 2021. 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 difference arising from lease accounting adjustments.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial reporting purposes:

	2021 S\$'000	2020 S\$'000
Net deferred tax liabilities recognized in the consolidated statements of financial position	–	–

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

	2021 S\$'000	2020 S\$'000
Tax losses	749	411
Provisions	(21)	(15)
Leases	(132)	(29)
	596	367

The above tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 23. SHARE CAPITAL AND SHARE PREMIUM

### Share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 22 May 2017 with an 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.

	2021 S\$'000	2020 S\$'000
Issued and fully paid: 500,000,000 ordinary shares	869	869

A summary of the movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital S\$'000	Share premium S\$'000	Total S\$'000
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	500,000,000	869	13,311	14,180

Notes:

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.

### Share premium

Share premium represents the difference between the nominal value and the issuing value of the shares.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 24. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

### Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of the acquired entities under common control.

The addition of S\$5,858,000 (equivalent to HK\$32,700,000) in the year ended 31 December 2017 represented 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 during the year ended 31 December 2017 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.

## 25. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans are included in Note 13.

## 26. RELATED PARTY TRANSACTIONS AND BALANCES

(a) The outstanding balance with a related party is as follows:

	2021 S\$'000	2020 S\$'000
Due to a Director – Ms. Low Yeun Ching @Kelly Tan	–	14

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 26. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) Significant related party transactions during the financial year:

	2021 S\$'000	2020 S\$'000
Consultancy fees paid to a Director of the Company	–	3

(c) Personal guarantee by a Director

Two of the Group's term loans are secured by way of personal guarantee provided by Ms. Low Yeun Ching @Kelly Tan.

(d) Compensation of key management personnel of the Group:

	2021 S\$'000	2020 S\$'000
Salaries, allowances and benefits in kind	498	486
Pension scheme contributions	27	27
	<b>525</b>	<b>513</b>

Further details of Directors' and the chief executive's emoluments are included in Note 8.

## 27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	Financial assets at amortised cost	
	2021 S\$'000	2020 S\$'000
Financial assets included in trade and other receivables (Note 17)	1,593	3,427
Pledged deposits (Note 18)	1,518	1,445
Cash and cash equivalents (Note 18)	3,068	4,649
	<b>6,179</b>	<b>9,521</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 27. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities	Financial liabilities at amortised cost	
	2021 S\$'000	2020 S\$'000
Financial liabilities included in trade and other payables (Note 19)	3,543	4,544
Interest-bearing bank and other borrowings (Note 21)	2,733	2,820
Lease liabilities (Note 14)	4,696	5,542
Due to a Director of the Company (Note 26)	–	14
	<b>10,972</b>	12,920

## 28. 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, amount due to Director of the Company 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, lease liabilities and non-current 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 29. 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 minimize 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.

*Maximum exposure and year-end staging as at 31 December 2021*

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2021. The amounts presented are gross carrying amounts for financial assets.

2021	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Total	
	S\$'000	S\$'000	S\$'000	S\$'000	
Trade receivables					
– Normal*	81	–	–	–	81
– Doubtful*	–	–	–	–	–
– Credit-impaired*	–	–	–	–	–
Financial assets included in other receivables					
– Normal*	1,512	–	–	–	1,512
– Credit-impaired*	–	–	–	–	–
Pledged deposits					
– Not yet past due	1,143	–	–	–	1,143
Cash and cash equivalents					
– Not yet past due	3,443	–	–	–	3,443
	<b>6,179</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>6,179</b>

\* The credit quality of the financial assets included in other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition, otherwise, the credit quality of the financial assets is considered to be "doubtful" or "credit-impaired".

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2020

2020	12-month	Lifetime ECLs		Total
	ECLs	Stage 2	Stage 3	
	Stage 1	Stage 2	Stage 3	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables*				
– Normal*	80	–	–	80
– Doubtful*	–	5	–	5
– Credit-impaired*	–	–	138	138
Financial assets included in other receivables				
– Normal*	3,342	–	–	3,342
– Credit-impaired*	–	–	13	13
Pledged deposits				
– Not yet past due	1,445	–	–	1,445
Cash and cash equivalents				
– Not yet past due	4,649	–	–	4,649
	9,516	5	151	9,672

\* The credit quality of the financial assets included in other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful” or “credit-impaired”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade and other receivables are disclosed in Note 17.

### 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 2021 and 2020, the Group had interest-bearing bank and other borrowings of S\$2,733,000 and S\$2,820,000, respectively. If SGD interest rates had been 100 basis points higher/lower with all other variables held constant, the Group’s loss before tax would have been S\$26,000 and S\$27,000 higher/lower for the years ended 31 December 2021 and 2020, respectively, arose mainly as a result of the higher/lower interest expense on floating rate loans and borrowings.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021



## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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 2021

	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	3,543	–	–	3,543
Lease liabilities	3,018	1,965	–	4,983
Interest-bearing bank and other borrowings	519	1,357	903	2,779
	<b>7,080</b>	<b>3,322</b>	<b>903</b>	<b>11,305</b>

#### As at 31 December 2020

	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	4,544	–	–	4,544
Due to a Director of the Company	14	–	–	14
Lease liabilities	4,097	1,887	–	5,984
Interest-bearing bank and other borrowings	133	1,790	953	2,876
	<b>8,788</b>	<b>3,677</b>	<b>953</b>	<b>13,418</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### Capital management

The primary objectives of the Group's capital management are 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 managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios are as follows:

	2021 S\$'000	2020 S\$'000
Interest-bearing bank and other borrowings	2,733	2,820
Total equity	3,284	6,066
Gearing ratio	83%	46%

## 30. IMPACT OF COVID-19 PANDEMIC

The outbreak of the COVID-19 pandemic has continued to impact the performance of our outlets in the near term. However, with the gradual reopening of borders globally, this is expected to increase the footfall across the Group's outlets.

During the year ended 31 December 2021, the Group has taken various measures to minimise the impact of the COVID-19 pandemic, including reducing overhead costs, requesting for rental concessions from landlords and negotiating payment terms with suppliers.

There are impairment losses recognized for the financial year ended 31 December 2021. The duration and extent of the pandemic and the related financial impact remain uncertain. Due to uncertainties over relevant revenue and expenses in future periods, the estimates and judgements adopted by the management over the impairment assessment may be impacted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

### (a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of S\$3,486,000 and S\$3,486,000 respectively, in respect of lease arrangements for leasehold land and building (2020: S\$1,211,000 and S\$1,211,000).

### (b) Reconciliation of liabilities arising from financing activities during the financial year are as follows:

	As at		Non-cash changes			As at
	1 January 2021 S\$'000	Cash flows S\$'000	New leases S\$'000	COVID-19- related rental concessions S\$'000	Others (Note 14(b)) S\$'000	31 December 2021 S\$'000
Bank loans and borrowings	2,820	(87)	–	–	–	2,733
Lease liabilities	5,542	(3,088)	3,486	(1,472)	228	4,696
<b>Total liabilities from financing activities</b>	<b>8,362</b>	<b>(3,175)</b>	<b>3,486</b>	<b>(1,472)</b>	<b>228</b>	<b>7,429</b>

	As at		Non-cash changes			As at
	1 January 2020 S\$'000	Cash flows S\$'000	New leases S\$'000	COVID-19- related rental concessions S\$'000	Others (Note 14(b)) S\$'000	31 December 2020 S\$'000
Bank loans and borrowings	1,512	1,308	–	–	–	2,820
Lease liabilities	8,650	(3,472)	1,211	(1,337)	490	5,542
<b>Total liabilities from financing activities</b>	<b>10,162</b>	<b>(2,164)</b>	<b>1,211</b>	<b>(1,337)</b>	<b>490</b>	<b>8,362</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021 S\$'000	2020 S\$'000
NON-CURRENT ASSETS		
Investment in subsidiaries	5,858	5,858
Total non-current assets	5,858	5,858
CURRENT ASSETS		
Due from subsidiaries	5,249	5,799
Cash and cash equivalents	36	62
Total current assets	5,285	5,861
CURRENT LIABILITIES		
Other payables and accruals	443	536
Due to subsidiaries	3,124	3,124
Total current liabilities	3,567	3,660
NET CURRENT ASSETS	1,718	2,201
Net assets	7,576	8,059
EQUITY		
Share capital	869	869
Reserves	6,707	7,190
Total equity	7,576	8,059

**LOW Yeun Ching @Kelly Tan**  
Director

**CHIU Ka Wai**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2021

## 32. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium S\$'000	Exchange fluctuation reserve S\$'000	Retained profits S\$'000	Total S\$'000
<b>At 1 January 2020</b>	13,311	85	(5,644)	7,752
Loss for the year	–	–	(545)	(545)
Exchange differences on translations of foreign operations, representing total other comprehensive income for the year	–	(17)	–	(17)
Total comprehensive loss for the year	–	(17)	(545)	(562)
<b>At 31 December 2020 and 1 January 2021</b>	<b>13,311</b>	<b>68</b>	<b>(6,189)</b>	<b>7,190</b>
Loss for the year	–	–	(516)	(516)
Exchange differences on translations of foreign operations, representing total other comprehensive income for the year	–	33	–	33
Total comprehensive income/(loss) the year	–	33	(516)	(483)
<b>At 31 December 2021</b>	<b>13,311</b>	<b>101</b>	<b>(6,705)</b>	<b>6,707</b>

## 33. LITIGATION

The Company was served with a writ of summons dated 23 February 2021 issued from the Supreme Court of Singapore by View Advance Limited against the Company and the Director of the Company, claiming for a total sum of approximately HK\$53,375,360 (equivalent to S\$9,073,811). The Company has reviewed the alleged information and sought legal advice on the matter and concluded that the allegation is unfounded. The Company's legal advisors are of the opinion that the claim is frivolous and devoid of any merit.

## 34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of Directors on 25 March 2022.



## FINANCIAL SUMMARY

	2021	2020	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Results</b>					
Revenue	13,233	13,149	20,433	19,138	19,688
Loss before tax	(2,820)	(2,085)	(2,708)	(2,592)	(1,920)
Income tax credit/(expense)	1	82	(164)	76	(342)
Loss for the year	(2,819)	(2,003)	(2,872)	(2,516)	(2,262)

	2021	2020	2019	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets and liabilities</b>					
Total assets	14,553	19,687	21,656	15,789	11,000
Total liabilities	11,269	13,621	13,570	4,826	5,936
Total equity	3,284	6,066	8,086	10,963	5,064

Note:

The financial information for the year ended 31 December 2017 was extracted from the prospectus of the Company dated 20 April 2018. The summary above does not form part of the audited financial statements.